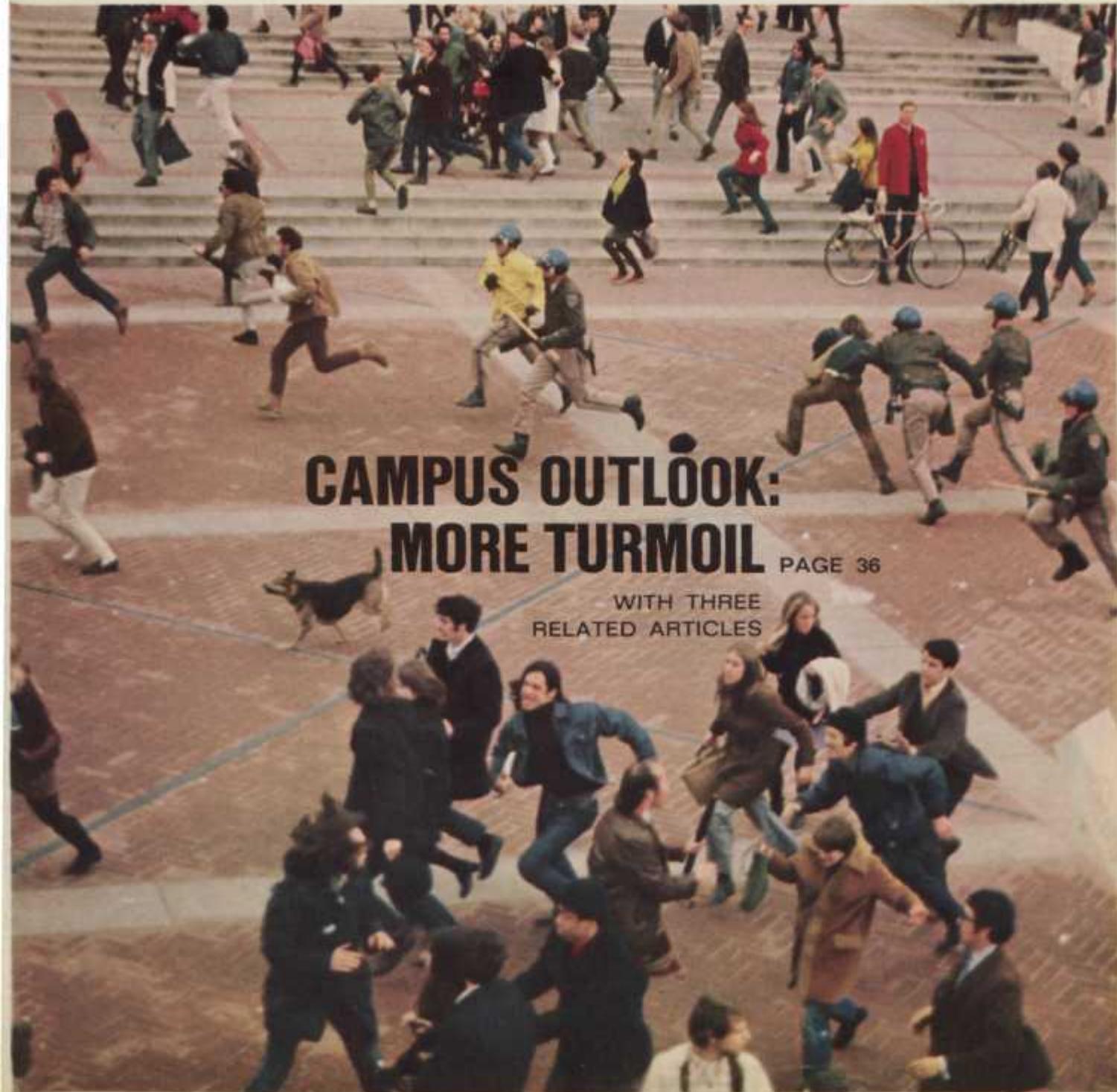


Nation's Business

Coming: The 12-hour world

The curse of crash education

You can stop the mobsters



CAMPUS OUTLOOK: MORE TURMOIL

PAGE 36

WITH THREE
RELATED ARTICLES

Introducing the Friden 5 o'clock business news

Turn it on and find out what your company did today.

It will tell today's total sales. Give you the day's profit figures, commissions, discounts, taxes, costs and special charges. Break these figures into geographical regions, product groups or salesmen's territories.

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But giving you the daily business news is only one function of this system. Its prime function is to automatically handle your billing/accounting jobs. Invoicing. Payroll. Accounts payable/receivable. Inventory.

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*A TRADEMARK OF THE SINGER COMPANY



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SINGER
FRIDEN DIVISION

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Would you be interested in such a business right now, if you could be certain of success before resigning your present position or giving up your present pay check? If your answer is "yes" send your name today for complete details, mailed free to your home.

By Jerome S. Shaw, Chairman of the Board.

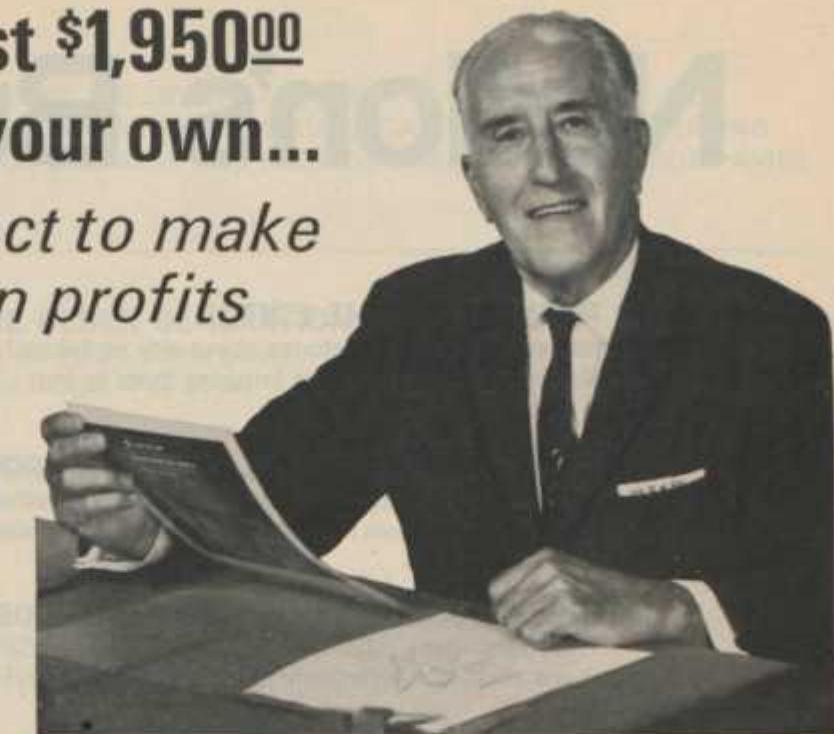
Though less than five years old, our company already has started more than 400 men or women or man-and-wife teams in one of the most rapidly growing private businesses of the decade. It is a business which you can completely own and control, yet have the training, the financing, and the continuing help of the parent company. It is a business in which you make profits not only on your own efforts, but many times more from the work of others whom you supervise.

It is such a business that we invite ambitious men to consider. With a spectacular record of response in many areas of the United States, our corporation is now ready to appoint Pathway Plan Sales Coordinators in a limited number of additional marketing areas. Our success and the success of our coordinators has been built on two things—Product and Plan. Both are unique.

In describing just one of our products, a highly regarded marketing consultant said:

"Seldom have I had a product submitted which so completely meets the requirements for instant public acceptance; for tremendous volume; for substantial profit margin; and for sustained and growing repeat business. The fact that \$3 worth of Haste® gives the housewife the equivalent of about \$30 worth of products she now buys from the supermarket, makes her an eager and steady customer. The fact that all your products are used up and bought over and over gives your franchised Sales Coordinators a growth and profit potential found in very few other non-food products."

All the Pathway Products are the result of modern technological advances in the research laboratory. Based on Space-age knowledge, they were designed primarily to make household chores easier for the housewife; secondly to make demonstrations so dramatic that the housewife who witnesses their action cannot resist buying.



The second factor which makes possible a profit potential of \$2,000 a month or more is the Pathway Plan. No Pathway Product is to be found in any retail store. As Sales Coordinator in your area you may have from five to 30 people acting as your distributors. Since they must get their products from you as Coordinator, you make a profit on everything they sell.

If you have the desire, and if you can qualify for one of the areas now to be opened, you will receive complete training in all facets of the operation of your business. You will be shown how to hire and train others, how to keep records, how to build for steady growth. Experienced members of the headquarters staff will work with you in making a successful start and then will be available for help and guidance in promoting the rapid expansion of your business.

The Pathway Plan gives you many of the advantages usually found only in a costly franchise. Yet there is no "franchise fee" and no continuing royalty to pay. You will see that your initial investment will be rapidly recovered through product inventory which when sold by your staff will return in profits the entire cost of starting your business. Your total investment is \$4950 but for responsible men or women, Pathway will arrange financing for as much as \$3000, so that your initial cash investment need not be more than \$1950.

The Pathway Plan is not for you unless you have the determination to become personally and

financially independent in a business of your own. To learn more, without obligation, merely send your name.

We will be glad to mail complete information free and with no obligation. Read the facts in the privacy of your home. Discuss the opportunity with other members of your family. Then, if you are interested in learning more about one of the areas now available, we will arrange for a personal interview during which we will reveal every detail of the Pathway Plan and acquaint you with every unique Product in the Pathway Line. Based on what you learn, you can then decide whether you wish to apply for appointment as a Sales Coordinator.

Asking for this information does not obligate you in any way. Merely mail the "Request for Information" printed below. But do not delay as the areas which are now open for new Coordinators may be closed within the next few weeks. Delay of even a few days might deprive you of this opportunity.

Executive offices and
National Training Center,
Verona, N.J.



PATHWAY PRODUCTS CORPORATION, Dept. 9-D28
60 Pompton Ave., Verona, N.J. 07044

Gentlemen: I am interested in receiving more information on the Pathway Plan and Products. Please mail complete details without obligation. No salesman is to call on me, but after reading, I will let you know if I wish to discuss this potential in my area with a company executive. If I do decide to apply for appointment as Sales Coordinator, I can make an investment of \$1950. If I do apply I will want to be considered for...

(Name of Town) _____

Name _____

Address _____

City _____

State & Zip _____



PATHWAY PRODUCTS CORPORATION
60 Pompton Ave., Dept. 9-D28, Verona, N.J. 07044

Nation's Business

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Cover photo: Seymour Snair—Black Star

Nation's Business is published monthly at 1615 H Street N.W., Washington, D.C. 20006. Subscription rates: United States and possessions \$26.75 for three years; Canadian \$10 a year. Printed in U.S.A. Second class postage paid at Washington, D.C., and at additional mailing offices. © 1969 by Nation's Business—the Chamber of Commerce of the United States. All rights reserved. Nation's Business is available by subscription only. Postmaster: please send form 3579 to 1615 H Street N.W., Washington, D.C. 20006.

Editorial Headquarters—1615 H Street N.W., Washington, D.C. 20006. **Circulation Headquarters**—1615 H Street N.W., Washington, D.C. 20006. **Advertising Headquarters**—711 Third Avenue, New York, N.Y. 10017. **Atlanta**: James M. Yandie, 3376 Peachtree Road N.E.; **Chicago**: Herbert F. Ohmeis Jr., 33 North Dearborn Street; **Cleveland**: Gerald A. Warren, 1046 Hanna Building; **Detroit**: Robert H. Gotshall, 615 Fisher Building; **Philadelphia**: Jerry V. Camporine, 1034 Suburban Station Building; **San Francisco**: Hugh Reynolds, 605 Market Street.

VOLUME 57
NUMBER 8
AUGUST 1969

PUBLISHED IN WASHINGTON, D.C., BY THE CHAMBER OF COMMERCE OF THE
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EDITOR

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memo from the editor:

NATION'S BUSINESS • PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES • 1615 H ST. N.W., WASHINGTON, D.C. 20006

If you have any doubt that business is neck-deep in solving urban problems, you should see our mail.

Every day we get a fistful of letters proposing articles about business' involvement in one problem or another. And we get a pile of press releases and speeches describing company or community efforts.

The only place we know of that keeps track of all this is the Urban Action Clearinghouse of the Chamber of Commerce of the United States.

The idea is to share the success stories so that cities with problems can solve them the way others did.

But we've found businessmen want to talk over these problems, assess how the programs could work in their cities.

So the National Chamber is planning a series of more than a dozen regional meetings across the country in late September and early October. These will focus on urban problems and their solutions.

You'll be hearing about one near you from your local or state Chamber of Commerce which will cosponsor it.

It's your opportunity for face-to-face discussion of the ways to get things done with people who have the know-how and proven results.

• • •

Certain to be high on the agenda of the regional sessions are crime and education, including the alienation of young people. In this issue we take a look at both these problems. "You Can Stop the Mobsters" on page 26 outlines some of the ways businessmen and the National Chamber have developed to combat organized crime. The Mafia may seem a faraway threat to you, but it can move in whether your business is large or small.

In a series of articles starting on page 36, you'll

find "a look ahead" at the problems on the campus. University administrators feel that the trouble isn't over, but that there is some hope it will cool off.

We also thought you'd be interested in the views of business school deans who are training your future employees and the views of Barry Goldwater Jr., one of the youngest members of Congress, who is pretty concerned with the youth problems. Associate Editor Vernon Louviere found Barry Jr. a warm young man who surprisingly differs with some of his father's views.

• • •

The National Chamber, of course, is also concerned with the more direct problems of business. For example, the confusion created by different states collecting all kinds of different taxes from businesses that operate in more than one state. There's an effort in Congress to try to straighten this out, and the National Chamber is strongly supporting it. You'll find an explanation of this complex, but highly important, problem on page 72.

• • •

Responses to last month's "Sound Off" show that you, our readers, are about evenly split on whether we should recognize Red China. Those who went beyond the question and discussed trading with the Red Chinese, however, were solidly against it.

The purpose of the "Sound Off" is to get your views. So keep them coming. We're always interested in what you think.

• • •

Some of you may not be happy with the way the mailing label on your magazine was addressed the last couple of issues. We've been putting a new

MEMO FROM THE EDITOR *continued*

"system"—whatever that is—into our computer, and it's made a few far-out mistakes. If you were inconvenienced, we are sorry. It should be all right now and you should get your magazine delivered more quickly.

• • •

Two headline topics—*inflation* and the *astronauts*—both figure in a story going around Washington these days.

An astronaut leaving for a five-year space voyage gave his broker \$10,000 to invest in the market. When he got back he quickly phoned the broker and asked, "How much are my holdings worth now?"

"Four billion dollars," the broker replied.

The astronaut was amazed. "I never expected them to grow that much," he said.

Just then the telephone operator interrupted to say, "Please deposit another million dollars for the next three minutes."

• • •

Nation's Business has sometimes been critical of the few government workers who goof up, so we're particularly proud to salute the 10 winners of the

National Civil Service League's 1969 Awards for Outstanding Public Service.

They typify the kind of federal employees we all can be proud of.

Shown below is NCSL President Mortimer M. Caplin congratulating award winner Raymond A. Ioanes of the Agriculture Department.

Other winners are (left to right) Marshall Green, State Department; John K. Carlock, Treasury Department; (Jean J. Couturier, NCSL Executive Director); Millard Cass, Labor Department; Edward J. Bloch, Atomic Energy Commission; George S. Moore, Transportation Department; Lawrence K. White, Central Intelligence Agency; Dr. Kurt H. Debus, National Aeronautics and Space Administration; Joseph J. Liebling, Defense Department; and Irving J. Lewis, Health, Education and Welfare Department.

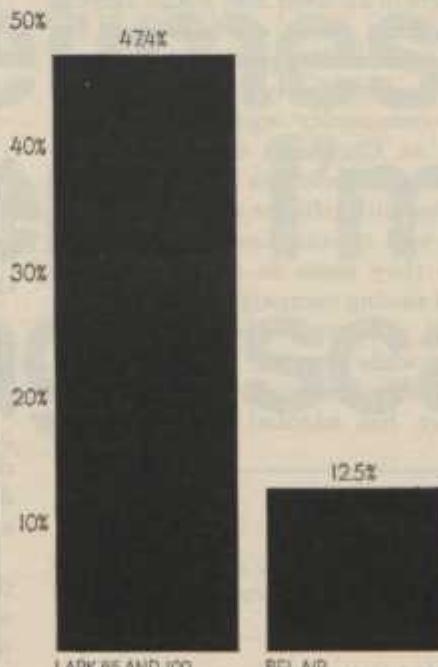
Jack Woodridge



Nationwide Consumer Testing Institute reports:

Lark's Gas-Trap™ filter reduces certain harsh gases more than twice as much as ordinary popular filter brands.

Latest average figures on gas reduction for Lark and 13 ordinary filter brands as certified by the Nationwide Consumer Testing Institute.



(Based on the average of Lark and of the 13 leading cigarette-scoring filter brands.)

For more information send for the free brochure "Lark's Gas-Trap" Filter and What It Means to You." Write Lark, P.O. Box 44, Brooklyn, N.Y. 11202.

Surprised? We're not. We've spent years in research and millions of dollars developing one of the most effective filters yet discovered—one that reduces "tar," nicotine and gas, effectively.

And that's why we're not surprised that an independent research company certified Lark's Gas-Trap Filter best for gas reduction.

Tell someone you like about Lark's Gas-Trap filter. They may appreciate it.



FREE ENTERPRISE CAN BE SOLD TO YOUTH

• Your article "What Campus Rebellions Mean to You" [June] should be a real eye-opener to most businessmen.

Unless businessmen take positive measures to sell the youth of this country on the benefits of the free enterprise system, they can look forward to a further deterioration of the system.

The place to start is in the same area in which the SDS currently is expanding its sphere of influence—in the high schools.

Successful marketers of teen products already have discovered the creative approaches. The teen segment of our population offers both a challenge and an opportunity for business. I hope we'll take advantage of it.

ED CARREL
Vice President
Robert E. Eastman & Co., Inc.
Dallas, Texas

• I am very much impressed with this article and would like to distribute copies to some people who might be influenced in favor of better relations in this country.

DUANE F. BARNES
President
Shippers Traffic Service, Inc.
Philadelphia, Pa.

• I read every single word, comma, and quote after quote in "What Campus Rebellions Mean to You."

I read also "Students Who Don't

Make Headlines." Shall I quote you the number of lines devoted to each and then ask the question: "Whose fault is that?"

And, you may quote me.

Publicity makes hams out of the least of us. Take it from one who has worked both sides of the publicity bit.

MRS. T. L. PERDUE
Natcon Chemical Co., Inc.
Plainview, N. Y.

• The good deeds performed by college students across the nation deserve more coverage than the scant six inches on Thiel College in your June issue.

My alma mater, Millsaps College in Jackson, Miss., would probably be considered tiny by national standards—only 950 students—but it is a giant academically. I feel business leaders in Jackson also would agree it is a giant when one considers the many community services it performs.

Its students freely give their time to help community organizations. Each year at Christmas time the fraternities and sororities have Christmas parties with gifts for the local orphanages and nursing homes. During the year they assist in community-wide fund raising campaigns for the Heart Fund, Cancer Society and similar worthwhile groups.

My own fraternity, Kappa Alpha Order, has adopted a small boy in

South America. It is not often a little boy can say he has some 80 "fathers" who proudly display his picture on their bulletin board and look forward to his monthly letters.

I am proud and happy that my parents and Millsaps College taught me that community service ranks far above community destruction.

ANDRÉ CLEMANDOT JR.
Press Secretary to
Rep. G. V. Montgomery (D.-Miss.)
Washington, D. C.

Editorial scores

• It was indeed gratifying to read the editorial ("Hope for the Future") in the June issue of NATION'S BUSINESS. The interest and support of publications such as yours is most appreciated.

W. C. WESTMORELAND
General, United States Army
Chief of Staff
Washington, D. C.

• I would like to frame it and hang it in my office.

W. D. LILLARD
Chubb & Son, Inc.
Charlotte, N. C.

• This is certainly the best to-the-point message I have seen. It is unfortunate you couldn't use it on the cover.

J. H. TINSLEY
Director of Public Affairs
The Warner & Sweeney Co.
Cleveland, Ohio

• Your editorial was typical of the reactionary mood that has swept the nation since the recent student demonstrations at various universities throughout the world.

Most certainly, the violence and disruption of academic work has done the crusade for student power no good, but must we now revert to the hickory stick? Does a good education really depend on whether or not students are sitting in class well-dressed and not smoking? Of course not!

A good education solely rests with the quality of the instruction and the willingness of the student to learn. I would suggest you return to the campus to find out what an education today is really like. On second thought, stick with your work. America's universities already have too many closed-minded individuals.

DONALD G. ALLISON
New City, N. Y.
Wharton '72
University of Pennsylvania

Reward punctuality

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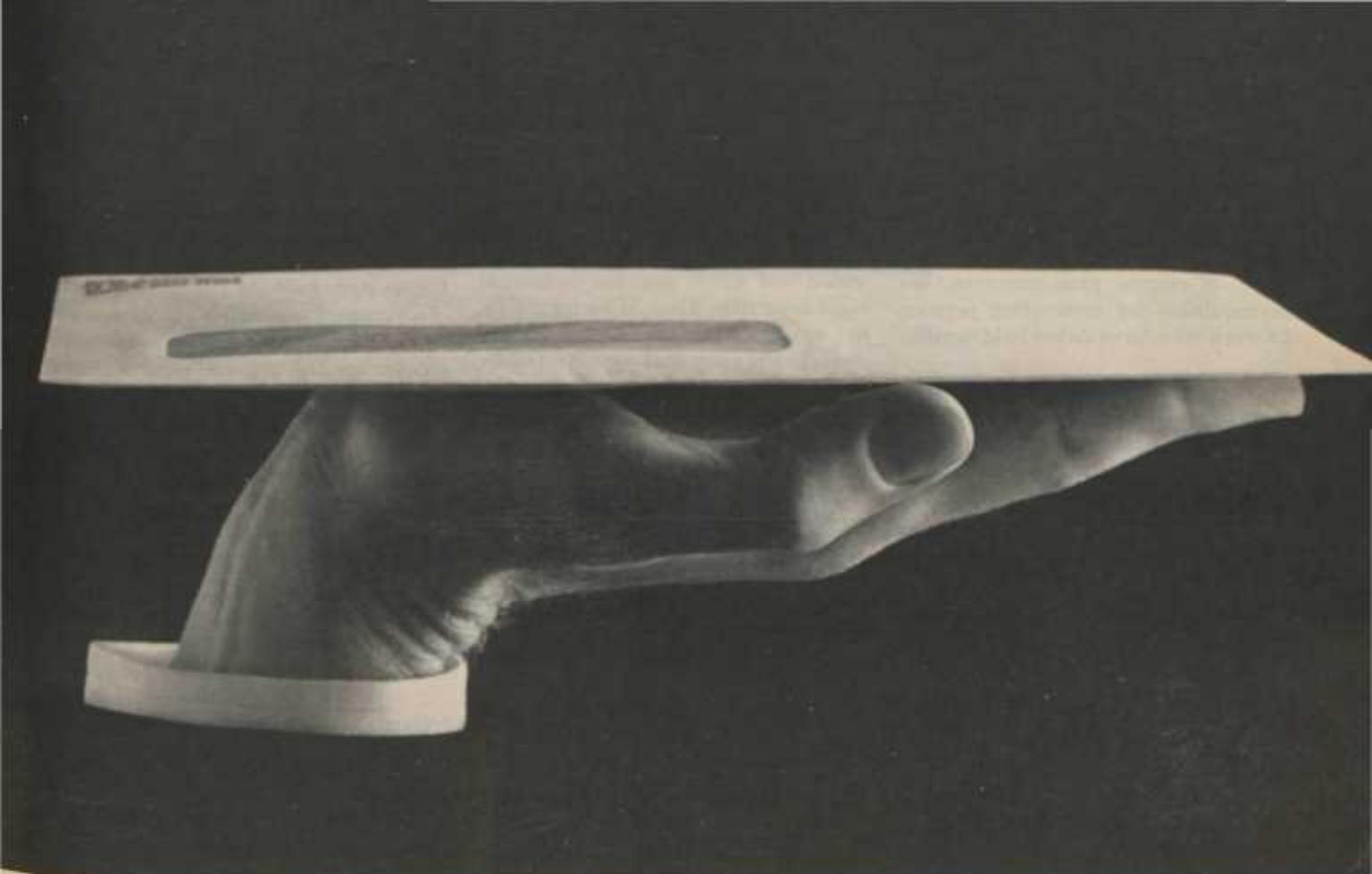
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Sometimes I pretend I'm a postage scale.

To give credit where credit is due, you are probably right some of the time. Perhaps as often as a cheap or inaccurate old mail scale.

A cheap old scale, once it's worn down by friction, sort of feel-weighs your mail, too. It gives you approximate, thereabouts, in-the-area-of, measurements. Of course, if it's off an ounce or so every time, do you care?

You should. Every ounce over is six or ten cents out of your pocket. And every ounce under (now that postage due mail is no longer sent back) comes out of your customers' pockets.

Instead of this unpleasant prospect, let us talk about a line of scales that is honest, good, true, and accurate. The Pitney-Bowes Mail Scales. Every morsel of their insides and out-

sides is made to weigh exactly the correct weight, no more, no less, no variations. And the scales' precision "hairline" charts even guard against your reading the right weight wrong.

In the face of such perfection, you can't afford to continue bumbling along with a pretend scale. Every penny you may save by not buying a good scale you lose by weighing your mail on a bad one. And that's bad business.

 **Pitney-Bowes**

For information, write Pitney-Bowes, Inc., 1396 Walnut St., Stamford, Connecticut 06934. Or call one of our 190 offices throughout the U.S. and Canada. Inserters, Scales, Postage Meters, Addresser-Printers, Copiers, Counters & Imprinters, Folders, Mail Openers, Collators, Fluidic Controls.

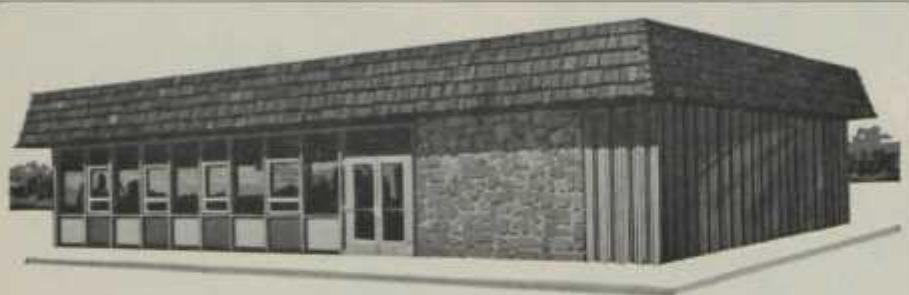


article "The Job Makes the Man" [June]. Noted particularly was the encouragement and financial assistance Ford Motor Co. rendered unskilled, ghetto-originated employees. Discipline, of course, plus incentive, are prerequisites for motivating persons to work who have never held regular jobs.

I suggest innovation which might further encourage such employees to check in for work at the proper time: Suppose 7 a.m. is starting time. Offer, as incentive pay, time and a half for

the first hour to workers who so appear. Reduce that by one fourth for each subsequent quarter hour of tardiness in the first hour. Terminate the work day so a tardy employee would not draw pay for a normal eight hour day. Thus, if an hour late, he would only earn seven hours straight time pay that day. His family might thereafter encourage him to be on time so as to bring home more "bread."

ROLAND S. NEESON SR.
Attorney
Atlanta, Ga.



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Send information on Behlen Buildings.

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28



Real causes of inflation

• Your "Memo from the Editor" on union-generated inflation [July] was most interesting. I would like to have a copy of "What to Do When the Union Knocks."

Government spending—local as well as national—and union wage increases are the primary causes of inflation.

Raising interest rates stimulates inflation because any businessman simply increases his prices to cover the higher cost of money.

Inflation can't be stopped unless union monopolies are curbed. Why isn't the Clayton Antitrust Act applied to unions?

RAYMOND E. CROSS
Chicago, Ill.

"Smoke screen" syndrome

• Peter F. Drucker's perceptive comments on government [March] summarize the lessons we have been taught by the last 35 years. He has argued convincingly that nothing tangible, constructive or substantial is accomplished by government when it acts beyond its proper field—maintenance of law and order, provision of a proper national defense and dispensation of justice among its citizens.

Government never has achieved any real results when it has ventured outside its sphere, but no one ever intended that it should. As a political theory, this condition may be called the "smoke screen" syndrome. Despotisms and democracies proclaim they are embarking on grandiose programs and, when popular interest sags, abandon them.

A substitute is devised, only to suffer the same fate when public attention again drops off. Government is not supposed to accomplish anything. It is all make-believe. The form of government is not important. After all, Potemkin wasn't a Tammany precinct captain.

One need only see that governmental economic and social efforts are a hoax. This does, however, still leave unanswered the question, "How do we adjust to the steady increases in taxes?"—particularly when the taxes are all for nothing.

RUSSELL L. NELSON
San Francisco, Calif.

A message to managers of retail establishments, banks, route-selling companies, utilities, hotels, restaurants and other businesses in which your principal contact with customers is **through your employees:**

Good Customer Relations are habit-forming.

What can *you* do about:

The salesperson who says, "I'm-sorry-I-can't-help-you-we-close-in-15-minutes"?

The bank teller who puts up the "next-window-please" sign in front of ten waiting patrons?

The waitress who snaps, "Don't-ask-me-that's-not-my-table"?

What *can* you do about otherwise nice people who behave so ineffectively in retail situations?

We say it's a matter of attitudes and *habits*—habits that can be corrected.

It stands to reason that good habits are as easy to form as bad ones. And we have proved, many times, that almost any sales or service staff can be trained into productive habits in the Dale Carnegie Customer Relations Course.

We start by reshaping *attitudes*. Attitudes, experience shows us, are easier to change than habits. With the right training, attitudes change quickly. We can, in fact,

demonstrate attitude changes following the very first Dale Carnegie session.

Behaviour changes take longer, but after five concentrated sessions we can accomplish enough true behaviour changes to make a *notable* difference in your business . . . including a *drop-off* in business for your complaint department.

Though Customer Relations is not essentially a "selling" course, it is a fact that most retail establishments using this training have noted sales increases as a result.

It is also a fact that Dale Carnegie-trained employees stay on the job longer, develop new organizational loyalties and make management, in general, a much easier and more pleasant task.

May we tell you more? Write today.

These are facts:

1. *Employee courtesy can be automatic.*
2. *Most Employees like to sell—when they know how.*
3. *Friendly customer attitudes can be natural attitudes.*
4. *Retail personnel turnover can be cut drastically.*

**DALE CARNEGIE
CUSTOMER RELATIONS
COURSE**

executive trends

SMOOTHER SELLING

- BUTTON-DOWNS IN A DOWNTREND
- LAWS CAN HAVE YOU IN A STATE

Plugging a profit drain

"Last year," one executive griped, "we invested \$300,000 in new salesmen who are no longer with us."

"That \$300,000 is the difference between a good year—and a highly profitable one."

Sound exaggerated?

Well, it costs \$6,842 on the average to find and train a salesman, Sales Manpower Foundation reports. For 50 salesmen, read that as \$342,100.

Turnover may be higher than you think.

The annual rate's about 24 per cent for office workers, an Administrative Management Society survey shows.

One early warning is absenteeism.

"At least one study suggests that employees prone to take one-day absences are most likely to quit before a year's up," Dr. Joel Lefkowitz, BFS Psychological Associates, says.

You can plug this drain on profits, he says, by training supervisors better and revamping boring jobs to make them more challenging.

"Inability to do the job well," he says, "is the chief reason why employees quit. Usually, poor training and orientation—up to the supervisor—are to blame."

Blowing the whistle on wedding bells

Is a conglomerate wooing you? You may be glad—or sad—to hear

Washington's view on such courtships. If the suitor's a large firm, the trust-busters probably will take a close look at any merger with a "leading" firm.

Definitions:

Large—sales over \$500 million or assets over \$250 million.

Leading—one with 10 per cent or more of a market of which more than half is corralled by four firms or fewer.

This rule of thumb was recommended by the Task Force Report on Antitrust Policy, dated July 5, 1968. Prepared for President Johnson, it wasn't released until this May by the Justice Department, whose boss, Attorney General John Mitchell, has been taking a strong stand against big company mergers.

The Task Force formula, while it will not be applied automatically, is a rough guideline the Department probably will use. Deputy Assistant Attorney General Robert A. Hammond III suggested at a recent briefing on conglomerates.

Washington is "now embarking upon a vigorous enforcement effort," FTC's William J. Boyd Jr., chief, division of mergers, told businessmen.

Don't believe that the Clayton Act doesn't cover conglomerate mergers, he argued; it does.

Changing your firm's name?

Then you have lots of company. For example, about one out of 10

firms listed on the New York Stock Exchange has changed titles in the last five years. Among them, the U. S. Trademark Association says, were General Aniline and Film Corp., now GAF, and United Shoe Machinery Corp., now USM Corp.

How do you get the word out that you've switched titles?

Recently, Interchemical Corp. became Inmont.

It used a videotape service called Viscasting to tell its 1,000 top executives all about it in a one-hour closed circuit TV program shown simultaneously in seven U. S. cities. Such a videotaping is about one tenth as costly as a live, closed circuit TV hookup, Viscasting says.

"It's no substitute for the printed word if you want to reach a mass audience," says Jay E. Raeben, president of Visual Information Systems, which operates the service.

"But it's an inexpensive way to hit a relatively small, scattered audience of key people with the impact of live TV."

Fall fashion notes for executives

Still wearing a white shirt?

If so, you're bucking a trend. Menswear Retailers of America notes.

"Not long ago, 85 to 90 per cent of men's shirts were white," a spokesman says.

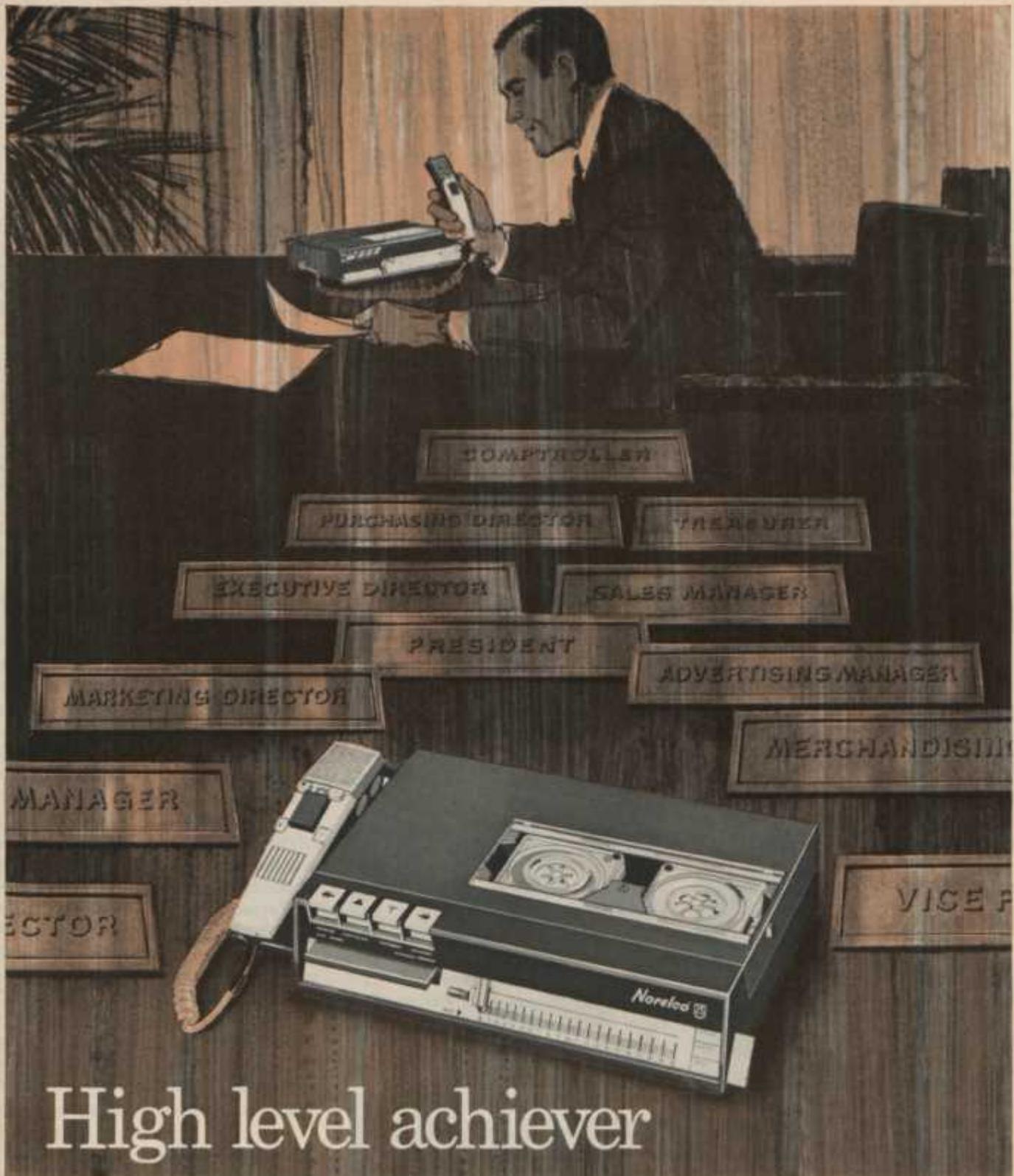
"Now, well over half are colored or fancy; striped, for example, or even tattersall."

Colors in vogue this fall: Mulberry, green, gold and melon shades. Plus some deep tones, like deep blue, dark green, dark gold.

"Button-downs are slipping, too," MRA adds. "The trend is toward spread points and long points."

"French cuffs are in, and ties four to five inches wide."

Suits, the American Apparel Manufacturers Association says, will trend toward tailored, shaped styles with



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Executive Trends *continued*

tapered waist or broader shoulders. Also big—the Edwardian look, in double-breasted styles, buttoned high.

"Helps cover up the loud shirts and wild ties," one fashion expert comments.

Why city clubs are in the red

Mainly because payrolls have risen so much.

A recent survey of 50 city clubs shows:

- Ten upped dues \$12 to \$60 a year, while eight hiked initiation or entrance fees \$25 to \$350.
- Average annual dues increased 3.6 per cent for small clubs, 2.1 per cent for medium, 2.0 per cent for large and 5.2 per cent for luncheon clubs.

But payrolls rose 5 to 8 per cent—faster than total income.

Figures are for 1967, but are the latest available, according to Laventhal, Krekstein, Horwath & Horwath, author of the survey.

The trend: Toward more red ink, the CPA firm figures.

The profession that's growing fastest

CPA's now number 100,000. But their ranks will double in 10 years' time.

That's the estimate of the American Institute of Certified Public Accountants.

"Accounting is growing faster than law, medicine or engineering," AICPA says.

Why?

"Because of a rapidly growing demand for CPA's," AICPA says. "Big international accounting firms alone have at least 8,000 openings a year for graduate accountants. That's more than half of last year's class (13,500)."

Growing demand means higher pay. Average starting salary for this year's graduate with a bachelor's degree was \$9,132. The College Placement Council reports. Five years ago, the average was \$6,420.

Leading firms pay far more for top grads they really want.

"They'll go up to \$11,000," an industry source says.

Some executive types as recruiter sees 'em

The hybrid: A well-rounded executive with multi-company or multi-functional experience.

Hothouse wonder: His performance owes more to the glamor industry he's in than to himself.

The rambler: Jumps from job to job without a career plan.

Bleeding heart: Always unhappy and job-shopping because he can't make the job he holds worthwhile.

Executive recruiter O. William Battalia, of Battalia, Lotz & Associates, identifies these species.

"The hybrid's in demand at con-

glomerates," he says, "but there's little market for the others.

"Hothouse flowers usually wilt when transplanted; ramblers have poor root systems and bleeding hearts are weak perennials."

Look out—it may be illegal

It looked like a product that was sure-fire: A quick, easy-to-use, voting machine that did away with levers and handles.

But the big electronics manufacturer made a quick check of state election laws.

Some, the company discovered, required balloting records on paper. Valuable information, since its records would be on punch cards. Aspen Systems Corp. provided the information.

It has full-text, computerized storage of all state laws, kept up-to-date.

"You can take a bath, if you don't know how state statutes may affect a new product," says John F. Harty, president.

"For example, one client planned to promote a new baby food by attaching a baby bottle and nipple as a premium.

"We made an electronic search of state health laws. Some, it turns out, forbade this—unless the premium came in a sterilized container.

"That made the project impractical."

Until the advent of the computer, a complete search of all state statutes was virtually impossible. Aspen has more than 300 million words of legal language stored in its memory bank.

Going the way of the DJIA

Most mutual funds this year did what the market did—skidded. Three out of four shrank in value, Kalb, Voorhis & Co. reports. A gain of 1.3 per cent was enough to land a fund in the top 10 performers, it adds.

Here are those—of the 211 funds on which Kalb, Voorhis keeps tab—which fared best when the Dow Jones Industrial Average declined 7.5 per cent. Per cent increase is for

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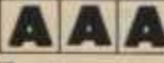
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\$6.2 Templeton Growth	8.7
\$28.9 McDonnell Fund	5.0
\$16.9 American Growth	4.4
\$10.6 Hedberg & Gordon	4.0
\$4.1 Concord Fund	3.1
\$224.7 Windsor Fund	3.1
\$105.5 Industries Trend	3.0
\$39.9 First Investors	2.0
\$205.4 Keystone Series S-3	1.3
\$1.4 Meridian	1.3

Getting law and order in your city

Executives can do a lot.

For example, push for proper street lighting. Or work with police and community groups for better relations.

The Chamber of Commerce of the United States outlines a comprehensive program in its "Guidelines for Effective Business Action to Help Prevent and Control Crime." It's a handy, inexpensive (50 cents) booklet, available from the Chamber.

The Chamber is working with the Justice Department in a drive against organized, big-time crime. See "You Can Stop the Mobsters," page 26.)

When a new steno joins the pool

Be sure she isn't making more than the gals already there.

"Many companies set starting salaries high enough to get the employees they want," says Burton E. Bauder, vice president, Sibson & Co.

"But they're heading for trouble if they don't jack up the pay of those who've been there longer."

"The result if they don't: Low morale and high turnover."

White collar pay has been inching up about 4 to 7 per cent a year, Mr. Bauder says. To avoid morale problems, perhaps you'd better budget raises for your office help.

It makes sense. With a business fire breaking out every four minutes, business men are worried. Who will be next? Will it be by accident or arson? Will business be severely hampered or even finished for good if important records are incinerated in ordinary metal files or "un-safe" safes? Worry is hard on the digestion. End it, with Meilink safes and Hercules fire-fighting files. You need them, even if your building is fire-proof. (Remember McCormick Place?) Your doctor will approve, so order soon from your Meilink dealer.

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The Great Indoors
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Shortly after John F. Kennedy's election in 1960, he was presented with a memorandum from a veteran student of the Presidency urging him to appoint immediately a White House assistant on national security affairs.

If the President-elect delayed naming and identifying this assistant before his Cabinet choices began to develop fixed ideas about their roles in the new Administration, the White House would find itself at a disadvantage in dealing with national security affairs. So the advice to JFK went.

And Mr. Kennedy was not long in appointing a special assistant of some repute, the prestigious, independent-minded dean of students at Harvard University, McGeorge Bundy, who quickly carved out for himself an important function as a processor, if not majordomo, of that crucial flow of policy papers and recommendations upon which the decisions of Presidents are based.

Throughout the Kennedy years, and even afterwards, Washington was forever intrigued by the relative influence of Bundy and the Secretary of State, Dean Rusk. For, despite his scrupulous regard for the rank and status of a Cabinet officer, Bundy was not a man content simply to shuffle papers and see that the President got an even-handed report from his top Cabinet advisers; he had ideas of his own, and was not known to be particularly backward about them. Rusk sometimes appeared to be occupying a shadowy corner in the Kennedy Administration.

Through a remarkable parallel, Washington currently is titillated by the status of President Nixon's assistant for national security affairs, Dr. Henry Kissinger, and his Secretary of State, William P. Rogers. Mr. Nixon brought Kissinger from Harvard early in creating his Administration, and Rogers, an old friend and counselor, was virtually last among the Cabinet selections.

It is no secret that Rogers, who had served the Eisenhower Administration as an Attorney General and enjoyed a prosperous law practice in the intervening years, lacked expertise in foreign affairs—unlike, incidentally, Dean Rusk, who had been an assistant secretary of state in the Truman Administration and president of the Rockefeller Foundation, which has



BY PETER LISAGOR

AT THE PRESIDENT'S ELBOW

broad foreign interests. Compared to Kissinger, whose studies and writings qualified him as an expert critic and analyst of foreign policy, the new Secretary of State was an admitted novice. Although a veteran of bureaucratic maneuver and modalities from his days in Ike's Cabinet, he was at a distinct disadvantage in the face of Kissinger's strategic and conceptual superiority as a scholar with positive views on how the world might be better organized and the U. S. role in it. The Harvard professor had written a number of books on international affairs; so far as is known, Rogers hadn't written a line.

"Put it down as an indisputable fact," an Administration insider said recently. "Henry Kissinger is second in importance only to the President when it comes to foreign

policy. The State Department is close to being an arm of his shop. Kissinger is a hard taskmaster with the National Security Council staff. He grades and revises the papers that come from State and Defense, he's available when the President needs him, and he plays a key part in putting together RN's rhetoric on world problems."

White House Press Secretary Ronald Ziegler illuminated Kissinger's importance through an inadvertent remark just after the President returned from his Midway Island conference with South Viet Nam's President Nguyen Van Thieu. The Presidential party had paused in California, and Ziegler reported that Mr. Nixon would return to an elaborate greeting on the South Lawn of the White House the next day.

Would the President, asked a reporter, make a major televised report on the Midway meeting at the welcome-home ceremony? Ziegler replied in the negative, saying he would merely make a few off-the-cuff remarks in response to the welcome. Asked again if the President might not say something more substantial, the young press secretary emphatically stated he was certain that Mr. Nixon would not because he had not discussed with Dr. Kissinger any major statement.

Kissinger did not come by his eminence through the usual clawing and gouging, the rough elbowing common to assertive political types. He had been a consultant to the Administrations of John F. Kennedy and Lyndon Johnson and knew his way around the

Contributing columnist Peter Lisagor is White House correspondent for *The Chicago Daily News*.

government, but he wasn't eager to become a gray eminence in the Nixon Administration. In fact, he scarcely knew Mr. Nixon before the 1968 elections.

He is not, therefore, a self-appointed power center but a product of the President's wishes and concepts of how foreign policy should be made. Mr. Nixon clearly wanted a more orderly and systematic method of doing business and chose to rehabilitate the rusty National Security Council machinery which fell into disuse during the previous two Administrations. Kissinger began the task of restoring the machinery with great zeal, recruiting from within and outside the government a superb staff of experts. They were bureaucracy-wise specialists, which gave them a special strength in the daily struggle to get things done, policies implemented, options defined, planning sorted out, and ideas cross-hatched.

The NSC staff now compares favorably with the group put together by McGeorge Bundy in 1961, and the machinery generally gives off echoes of the Eisenhower years, except that it is more fluid and flexible.

Despite Kissinger's painstaking effort not to be overly intrusive and to pay full homage to the State Department's function as a policy implementer, the Department's topside is not happy. Its leadership in the foreign field plainly is under challenge, and Rogers has done nothing to correct the impression that Kissinger has usurped the Cabinet officer's responsibility as the President's chief foreign policy adviser. The agreeable Secretary, who performs in a modulated key, appears content in his off-stage, secondary role.

In Washington, the appearance often takes on the reality. Kissinger promises to confirm this dictum. He is conspicuously at the President's elbow on foreign trips. Only he sat with Mr. Nixon during the very private talks with Thieu on Midway, even though Rogers was along (he presumably was required to preside over a concurrent meeting between other U. S. and South Vietnamese officials). It has been Kissinger who reflects the President's thinking, who keeps the news media informed and backgrounded so that the public acquires a reasonably coherent view of Administration directions and aims.

To some experienced observers of the NSC machinery and workings, the Nixon-Kissinger operation looks efficient enough on paper and probably keeps the pot of ideas, such as it is, bubbling and refreshed. "At least we feel confident that no alternatives are being overlooked and that the thorough staff work assures the President that the consequences of his decisions

will be taken into full account," says a staff member. But at the same time, as the observers see it, most Presidents are inclined to turn away from the elaborate table of organization when they get into a crunch and to call together a handful of trusted advisers for the crucial decisions.

A former Cabinet officer put it this way: "In the National Security Council, you rarely have fewer than 15 people, including deputies and assistants of one kind or another, and a Cabinet member is not going to speak freely and uninhibitedly on a matter of vital importance. He can reasonably expect it to be leaked all over town with that many witnesses. So he waits to see the President alone or with a very few other officials, to impart his best, rock-bottom judgment and advice."

Mr. Nixon himself suggested this was the case when he once recalled that President Eisenhower used to ask one or two of his key associates to linger behind after NSC meetings and that he made his decisions only after discussing the issue further with them.

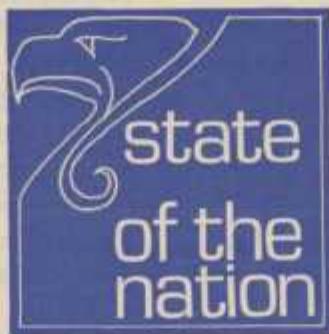
"There is something basically untidy-disorderly, if you will—about government in a crisis," says the Cabinet officer quoted above. "It's like a big corporation, in a way; you don't get the important decisions out of big board meetings but in small private sessions. Presidents, in the main, work the same way, or they don't work at all. Events and developments have a way of surprising you, of not fitting precisely into some predigested paper's set of alternatives."

President Kennedy found it best to work with a group that acquired the name, executive committee of the NSC (or ex-com, in government shorthand), during the Cuban missile crisis in 1962, and President Johnson preferred the Tuesday luncheon group, a collection of men he trusted implicitly, to thrash out important foreign-policy decisions.

"The staff should serve the President in ways comfortable to him," says another insider, "and if it doesn't, he will ignore it. You can overorganize it, or underorganize it; it doesn't much matter, for in the end, the President will do what suits him best. He may call in a couple of guys whose judgment he respects, and that's it. Or he may chew over the papers and the options and decide on one in the privacy of his study."

Mr. Nixon, it is said, likes to retire to his study alone for the agony of decision-making. But no one in Washington today doubts that the advice of one Henry Kissinger looms large, if not decisive, when that interval of privacy occurs.





BY FELIX MORLEY

CORPORATIONS OF A DIFFERENT STAMP

The plan to convert our bogged-down Post Office into a governmental corporation, thereby eliminating direct Congressional control, is properly leading to examination of similar organizations in other democracies.

The most instructive comparisons are with Great Britain. In that country a somewhat similar commercialization of the Post Office Department will go into effect on Oct. 1. But, more to the point, the British have had 20 years of experience in the operation of big governmental corporations, in many fields of what originally was private enterprise.

There is no close analogy between our postal problems and those of Great Britain. The British Post Office is currently, as with us, a separate department of government, under a postmaster general who is a political appointee. But it also controls all telecommunication, is involved in data processing, does a substantial banking business and is tied into the operation of the social security system in a way that has no parallel here. There is no thought of giving any American postal corporation similar widespread responsibilities. Nor would the proposed corporation be similar to other British governmental corporations.

The plan indorsed by President Nixon—and by President Johnson before him—would avoid many of the problems found in the British industries already nationalized, where the change was from private to public ownership. Happily an informative study of these industries—from which we can learn what to avoid—is

now available in a book entitled: "Twenty Years of Nationalization—The British Experience," obtainable on this side from St. Martin's Press, New York.

The author, R. Kelf-Cohen, C.B., is a retired British civil servant who was for many years undersecretary at the Ministry of Fuel and Power. In that capacity he had responsibility in drafting legislation nationalizing both the gas and electricity industries. His study, which is thoroughly documented, does not find much promise in the operation of the governmental corporations he helped to establish.

This form of organization, as Mr. Kelf-Cohen points out, was the only practical method of meeting the demand of British socialism for State ownership of key industries. Historically the turn against private ownership was taken when English intellectuals successfully promoted the concept of "profit" as a dirty word. The labor unions responded to this propaganda on the cheerful assumption that wages would be higher with profit eliminated. How prices would be fixed and deficits covered in the case of a nationalized industry were awkward questions, brushed aside as captious.

So, in time, this curiously mated alliance of "workers of hand and brain" brought the British Labor Party to political power. Nationalization, sweetened by reasonable compensation to the former owners, was voted by Parliament, the coal industry as a starter.

But, amid all this socialistic enthusiasm, there was little or no precise consideration of how government ownership would operate. The first Labor Minister of Fuel and Power (Emanuel Shinwell) candidly admitted there was no "practical and tangible plan." As he expressed it in his autobiography: "I had to start on a clean

Contributing columnist Felix Morley is a Pulitzer Prize-winning former newspaper editor and college president.

desk." So permanent civil servants, like Mr. Kelf-Cohen, were hastily assigned the task of drafting highly technical legislation. This is in sharp contrast with the carefully worked out plans for our postal corporation.

Inevitably, the British turned for models to the local public corporations, such as municipal transport boards or port authorities. The National Coal Board (1947); the Transport Commission (1947); the Central Electricity Authority (1948); the Gas Council (1949); the Iron and Steel Corp. (1951)—all of these show traces of evolution from local public agencies. But, as this study points out, there is a vast difference in complexity between the operation of a municipal bus service and that of a nationwide power system.

Mr. Kelf-Cohen's book traces the continuous and often hit-or-miss changes that for two decades now have been altering the organization of Britain's nationalized industries. The net impression is in all cases that of very haphazard and unsystematized operation. One factor, however, has from the beginning remained constant. The managerial board, whether competent or otherwise, has in every instance come under tighter control by the appropriate governmental minister. Since some 20 per cent of all British capital investment is locked up in the nationalized industries, this places the power of economic life—or death—in the hands of the Executive branch of government. This would also be avoided under our proposed postal plan.

Simultaneously, accounting to the public by these nominally public corporations becomes more and more unsatisfactory. The Parliament is unable to obtain precise information on the functioning of a governmental corporation if it can be said that this would mean "encroaching upon the managerial functions entrusted to the nationalized boards." So the only real check on extravagance and/or mismanagement is that provided, at their discretion, by political appointees. (The proposed U. S. Postal Act would, in contrast, give Congress considerable power over the corporation.)

The British nationalized industries, lacking the market control so effective for private enterprise, habitually operate with deficits, to be made up by the nation's treasury. This procedure Parliament must grudgingly approve, since the red ink is already there when the annual budget is presented. (Again, our postal corporation would be required to be self-supporting in five years.)

Undoubtedly this red ink situation has contributed materially to Britain's financial plight and helps to make any real recovery there problematical. Meantime infla-

tion increases the deficits while they in turn serve to promote inflation.

Mr. Kelf-Cohen points to a contagion of mismanagement, spreading from one nationalized industry to another. Coal, the first taken over by the State, was at first the most favored. To promote its production the tariff on imported fuel oil was increased 30 per cent. This automatically delayed the economies of dieselization for the nationalized British railways. Then coal itself was penalized by overextension of nuclear power, when electricity supply was brought under government control.

Such illustrations of garbled planning are perhaps less serious than the industrial unrest which the governmental corporations have unexpectedly provoked. Instead of finding life easier, with profits eliminated, the workers in nationalized industries discover that their wages are more rigidly controlled, by centralized public agencies now acting in the sacred name of Labor. Strikes by their employees have not been eliminated, but are now confusingly defined as worker repudiation of worker representatives. (To guard against such developments here, the Postal Act would provide elaborate machinery to provide proper wage levels and increases.)

Mr. Kelf-Cohen's study is the more convincing because it steers clear of politics in any narrow sense of the word. But, reading between the lines, it does much to explain why the British Labor Party is today in such serious trouble. Many of the big unions, which provide the political muscle, are fed up with the doctrinaire leadership which sold them on the delusory panacea of nationalization.

And now it seems too late for any change of government to extricate Great Britain from the blind alley into which it has been led by socialism.

All this has only indirect relevance for the proposed shift of our Post Office Department to government corporation status. But it does suggest dangers we should—and, in fact, are proposing to—avoid.

The change could scarcely fail to improve efficiency and certainly should assist in making the essential service eventually pay its own way. It would also take the Post Office out of politics, eliminate patronage and put performance ahead of prerogative for the army of postal employees.

But it would still be governmental operation, subject to at least some of the unexpected difficulties which Mr. Kelf-Cohen examines with dispassionate evidence in his careful study of public corporations in his own distressful country.



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OPEN SEASON

BY ALDEN H. SYPHER

As President Nixon said, it's open season on the armed services.

Why?

The President points to Capitol Hill, where some men ridicule military programs as needless if not deliberate waste.

These are among the legislators who would cut back on support of the Army, Navy and Air Force—a support that until recently was nearly unlimited and unquestioned.

Mr. Nixon speaks of others—the skeptics and isolationists who observe the problems that confront us, measure our resources, and then despair.

These men would cut back on America's commitments, withdraw at least part of our armed strength from faraway places. They would diminish America's role in world affairs.

The President was not speaking, he said, about responsible critics who reveal waste and inefficiency in the defense establishment, or who demand clear answers on procurement problems, men who want to make sure a new weapons system will truly add to our defense.

Nor, he said, was he talking about men with sharp eyes and sharp pencils who are examining our post-Viet Nam planning with other pressing national priorities in mind.

Of course he didn't mention the long-haired younger set who would rather switch than fight, nor Senator-occasionally-turned-general Kennedy who second-guesses field commanders.

Somewhere between those planners with sharp eyes and sharp pencils, and the politicians sliding toward isolationism, stands another man.

He's the most important one of all. He is the man

who will determine finally just what the armed services will get and won't get, where they'll go and won't go.

He will decide what place the United States shall take in world affairs.

And so he will determine the shape of the world to come.

He is Joe Citizen. His is public opinion.

He's not happy with the armed services.

Why should he be?

Because we won the bloody battle of Ap Bia Mountain?

Not necessarily. Joe likes to be a winner. It makes him proud of his country and his Army. But winning is the work of the armed services. They have a long, heroic history of winning. It's expected.

It's the unusual that catches Joe's eye, that sticks in his mind.

Like the stupid sinking of a brand new submarine alongside its dock in the Mare Island Naval Shipyard in California.

There were no casualties there. Some of the civilian workmen who are said to have left the ballast valves open had gone to lunch. Others just walked off the *U. S. S. Guitarro*, along with the Navy crew, as it sank slowly, bow first, in 34 feet of water.

The *Guitarro* was launched in July, 1968. It was at dockside being outfitted as a nuclear-powered fast attack submarine. It cost \$55 million.

It will take another \$25 million to complete the job of raising and cleaning up the *Guitarro*.

That's quite a big bite to cover that kind of performance, particularly when Joe's paying a 10 per cent surtax to the Treasury that pays the bills at Mare Island.

Joe remembers the *Maine*.

Also the *Guitarro*.

He's not very happy about the U. S. Navy destroyer *Frank E. Evans* being sliced in two by the Australian

Contributing columnist Alden Sypher is former editor and publisher of *Nation's Business*.

aircraft carrier *Melbourne* during maneuvers in the South China Sea, either.

That cost the lives of 74 U. S. sailors and the injury of five others.

The Australians accuse the *Evans* of causing the collision by making a wrong turn when it was ordered at 3:15 a. m. by the *Melbourne* to change from a station forward of the carrier to one aft, in preparation for launching aircraft.

A junior grade lieutenant, 24-year-old Ronald Ramsey, was in command of the *Evans* at the time of the change of position. The captain of the ship, Comdr. Albert S. McLemore, was in bed, asleep.

There isn't any doubt of Lt. Ramsey's qualifications to handle the ship under the circumstances, the captain pointed out later.

The lieutenant had formally qualified as a fleet officer of the deck 10 days before the accident, the captain said, but actually had been doing the job for four months.

There is no doubt that Comdr. McLemore was entitled to his sleep. Besides, as he explained after he was rescued from the sea by the Australians, he had left orders he was to be awakened if the ship changed stations during the night. Someone forgot.

But Joe noticed that Capt. John Philip Stevenson of the *Melbourne* wasn't in bed at the time. He was on his ship's bridge getting his navigation lights full on, sending warnings to the *Evans*, reversing his engines, trying to ward off the disaster he saw bearing down on his bow.

And another thing. Joe's never been completely proud of that *Pueblo* deal, either.

Sure, all but one of the men were saved. That's great. But we busted a great tradition wide open. We gave up the ship. We didn't even fire a shot. Then, to get our men out of a North Korean prison, we met just about every condition a nasty little enemy could think up. We signed confessions to things we didn't do. We tendered official apologies when we had nothing to apologize for.

We got our men back. But what will this performance cost us in the future? It's the kind of thing that changes our image, our standing, to ourselves and among nations.

So far it has given the North Koreans confidence that they could get away with blasting one of our unarmed surveillance airplanes out of the sky over international waters. We didn't get those 31 men back.

They didn't get a chance to sign confessions. They're dead.

This hanky-panky about Air Force costs doesn't please Joe, either. Does the Air Force really order airplanes without knowing what they will cost?

He shares with Congress concern about these procurement programs that start out small, then gather momentum as they go along and develop enormous obligations that Congress must pay. That's a pretty clear case of a loss of civilian control over defense spending. Joe suspects that some of the new critics of defense spending, including some of the new isolationists who seek popular support by crying, "Bring the boys home," are not aiming at less total spending, but at switching funds from defense in order to finance experimental social changes here at home.

He's glad though, that President Nixon has given the Budget Bureau the same authority to question defense proposals that it has to examine the spending plans of other departments.

That seems fair enough.

One thing Joe won't swallow is the outright lying practiced by the Army for more than a year in an attempt to cover up responsibility for the mysterious deaths of 6,000 sheep in Skull Valley, Utah, near the Army's Dugway Proving Ground, in the spring of 1968.

Even after the Army paid for the sheep it continued to disclaim responsibility for their deaths.

It took a Congressional committee questioning witnesses under oath to bring out the fact that faulty testing had allowed deadly gas to be carried on the wind into the valley.

Joe expects a little higher quality than that in his public servants. And he wonders, since lying is practiced without penalty at Dugway, what is the practice at Spokane, Ft. Worth, Omaha, or Washington?

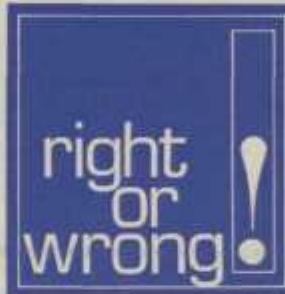
And what about the *Guitarro*? Is the blame going to be spread so far and so thin that no one can be found to be at fault?

Joe is convinced that in this tinderbox world a strong defense is essential for national survival, but he knows that America's armed strength can be no greater than the public support behind it.

He agrees with the President's statement that, "A nation needs many qualities, but it needs faith and confidence above all."

But faith and confidence must be earned.

The commander-in-chief will have to make a few changes to close the season on the armed services.





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NATION'S BUSINESS

AUGUST 1969

A small manufacturer in the Midwest regularly sold merchandise to a Chicago firm and payments always came through on time.

One day the Chicago company placed an order five times as big as usual and the manufacturer hustled to fill it. As always, payment was to be made in 30 days.

It never came. Overnight, the Chicago concern had gone bankrupt. Not because it had to, but because it wanted to.

In California, a \$20,000 a year company vice president, pressured by a loan shark to pay off mounting gambling debts, embezzled \$200,000.

In New York, a businessman knew

that the men working the loading dock at his plant were stealing him blind. He also knew he was dealing with a tough union but he thought there might be a way out.

He called in the union bargaining agent and said, "Please, we don't want to fire these men but let us put them somewhere else in the plant so we can put our own people on the loading dock."

The agent agreed but not until the owner made a substantial payoff to the union.

Isolated incidents? Not really. In each case, the trap of organized crime had sprung as it had countless other times.

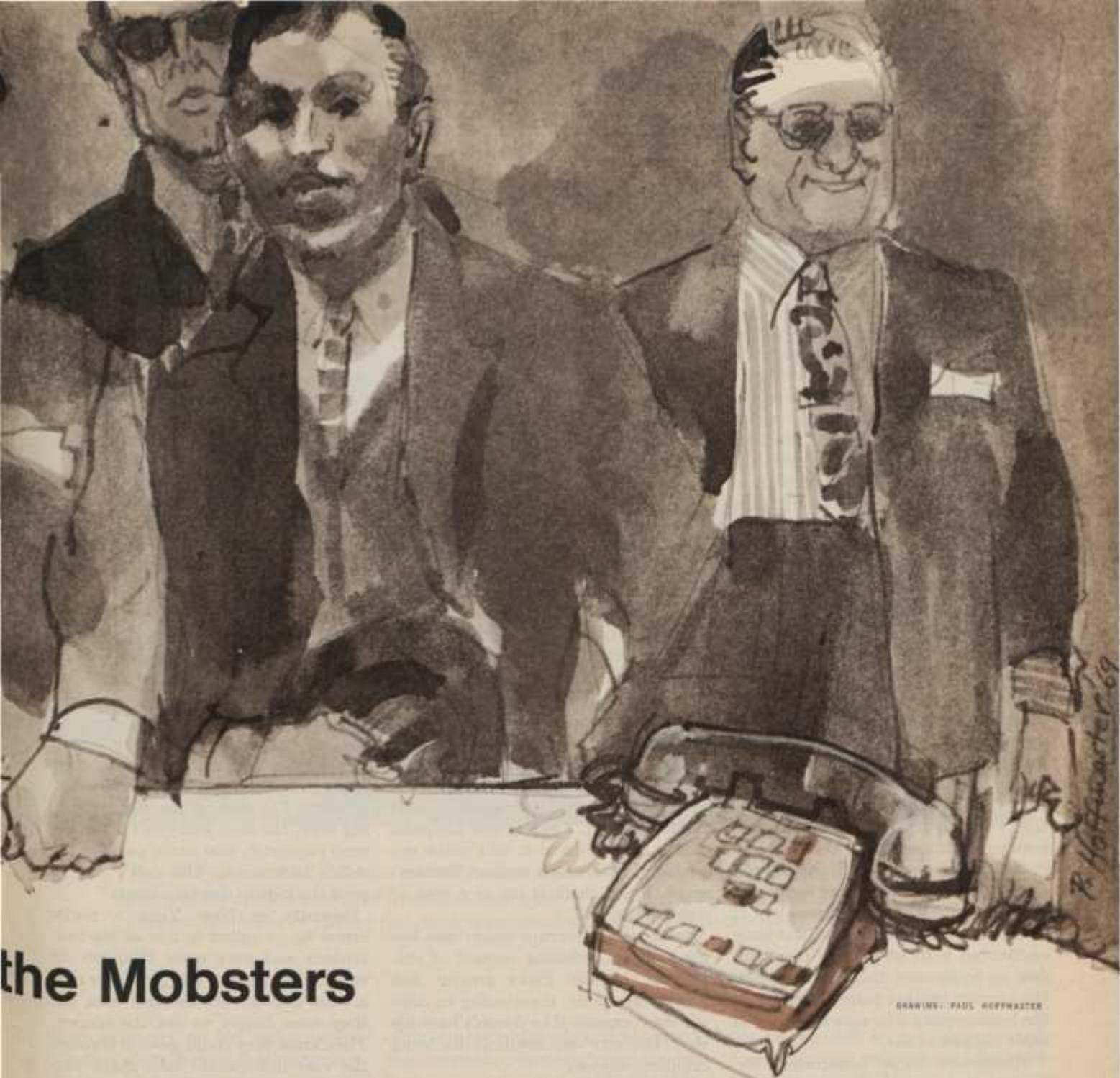
You Can Stop

Most people, tragically, are not aware how closely organized crime can touch their lives.

\$50 billion a year

Top law enforcement experts say it is a vast conspiratorial network that cuts across every segment of the American economy and whose income may run as high as \$50 billion a year. That's about 4 per cent of the gross national product. Wherever you find gambling, narcotics, prostitution, illegal bankruptcies, loan sharking, hijacking, corrupt labor unions—virtually any unlawful activity—you find organized crime.

The businessman, uniquely, is in a



the Mobsters

DRAWINGS: PAUL HOFFMASTER

position to join in the fight against it. Through his trade association or local chamber of commerce he can develop public awareness of its menace. As a community leader, he can mobilize community effort behind law enforcement agencies at every level.

Nationally, a campaign is under way to muster the support of businessmen in the fight against the mobs. The Chamber of Commerce of the United States has set up an advisory panel on crime prevention and control through which it hopes to reach the millions of businessmen, companies and professional people it represents. Not only will it tell them what to look for to avoid becoming victims of organized

crime but it will offer tips on how they can help eradicate it.

Attorney General John N. Mitchell has said:

"It is our hope that the American businessman, with his enormous technical resources, imagination and money, will make an exciting and effective partner through this private organization (the National Chamber of Commerce) with the state and local governments in their efforts to decrease crime."

The Chamber is working closely with the Justice Department's Law Enforcement Assistance Administration, which was created to implement the Omnibus Crime Control and Safe

Streets Act of 1968. This is the program through which the government hopes to pump \$300 million next year into states and local communities to beef up and modernize law enforcement techniques.

It is evident that most businessmen cannot detect the signs of organized crime even when it is all around them. In their innocence or ignorance they are helping it flourish.

How nice is that "nice guy"?

Henry Peterson, acting deputy assistant attorney general in charge of the Justice Department's criminal division, offers a few illustrations:

"Ask yourself if you have a nice guy

You Can Stop the Mobsters *continued*

in your organization who is a bookmaker. All bookmakers are nice guys. If you're located in the Midwest, how does he happen to know the line on the hockey game being played in Boston? How does he get the race results so quickly from Hialeah or Santa Anita?

"Ask yourself, if you are in manufacturing and losing substantial amounts of inventory, where your losses begin to appear in terms of the ultimate distribution points for stolen goods. If you have an interesting consumer product and it winds up in the hands of retail people hundreds of miles away, ask yourself why it is on their shelves before your salesmen even get there."

"Ask yourself what kind of a distribution mechanism has to exist to get large volumes of stolen property moved swiftly and across great distances."

"Ask yourself if you have a narcotics problem among your employees."

"If you're asking those kinds of questions you're beginning to see the presence of organized crime."

Organized crime is the Mafia, the Cosa Nostra, the Federation. It also is the "sweetheart contract" a businessman enters into with a union. It takes in the businessman who thinks he can deal with a loan shark when legitimate loan money is hard to come by. It swallows up the businessman suddenly confronted with an offer of merchandise or equipment that is well below the current market price. It preys on the businessman who says smugly, "It can't happen to me."

"Racketeers have penetrated virtually every area of commerce and industry," according to Myles Lane, former chairman of the New York State Commission of Investigation.

Or, as Allan Shivers, former president of the National Chamber, puts it:

"To ignore the danger of organized crime to legitimate business is to deny reality. Racketeers have exploited manufacturing, wholesaling, retailing, banking, trade associations, and transportation enterprises, among others."

Cooperation with crime?

And, says Martin B. Danziger, chief of the organized crime program of the Law Enforcement Assistance Administration: "Organized crime cannot

exist without, among other things, the willing cooperation of the business community."

Mr. Danziger also says organized crime cannot exist without political corruption. Of course, it goes without saying that corruption and public apathy go hand-in-hand. On that score, Mr. Danziger points out:

"If you can agree with the premise that organized crime controls political corruption, then the business community should impose its image on that portion of society to make sure it doesn't exist."

No company which must deal with a union tied in with organized crime is ever safe. But particularly vulnerable is the company which believes it can "buy" good labor relations from a corrupt union. This delusion has destroyed many legitimate business organizations.

Charles H. Rogovin, chief of the Law Enforcement Assistance Administration, cautions any businessman about to take that first fateful step of trying to make a deal with such a union. It may start out with little hint of danger, when a businessman tells himself, "Well, I can grease his palm just a little bit and it will make my problem that much easier. Furthermore, I can chalk it up as a cost of doing business."

But once the corrupt union man has his contract, winning control of employees, he can make greater and greater demands, threatening to cripple the company if he doesn't have his way. His way can result in its being crippled, anyway.

As long as businessmen continue to deal under the counter with racketeering unions—and pay through the nose—law enforcement agencies are powerless to act. Mr. Rogovin says:

"The only way the government can correct this situation is if the businessmen will inform or if they will band together and set up a united front against this kind of corruption. If they are afraid and want to remain anonymous, then they should work through groups like the local chamber or trade associations which in turn can go to the Justice Department, the FBI or the Treasury Department."

Mobster influence in the labor area is expanding. Alfred Scotti, chief as-

sistant district attorney in charge of the Rackets Bureau in New York, reports.

In unions there is mob strength

Unions attract organized crime, not only because of their size and potential power but because of the vast sums flowing into their treasuries and welfare and pension funds.

It is believed that union locals in 25 separate areas of industry are dominated or controlled from within by underworld ties.

In their own way the overlords of syndicated crime are alert businessmen. Rather than let idle money lie around, they put it to work. Hence, the notorious loan shark racket. Mr. Danziger explains:

"The money available for loan sharking reaches perhaps \$20 billion from gambling alone. More comes in from narcotics and infiltration of legitimate business."

"They want to keep this money moving so they're looking for people like businessmen who can't get money through normal channels. Or for employees: The man on the manufacturing floor, the man who can't make the rent payment, who can't pay for the wife's pregnancy, who can't pay to send the kids to special schools."

Recently in New York a major crime figure called in five of his lieutenants and gave each \$100,000. In return they were to pay him 1 per cent a week interest. Exorbitant? Yes, but they were happy to get the money. They knew they could move it through the vast underworld loan shark network and get back no less than 5 per cent interest per week.

"The business community is susceptible to that kind of pressure," says Mr. Danziger.

Loan sharks have sharp teeth

When organized crime moves its loan sharking operations into a private business, anything can happen. The hapless employee willing to accept usurious interest rates so he can pay off gambling debts, or meet a financial crisis at home, usually is only the preliminary victim. The stakes can be much higher.

Richard L. Gelb, president of Bristol-Myers Co. and a nationally recog-



PHOTO: NEW YORK DAILY NEWS

This \$5.9 million A&P food chain warehouse in Queens, N. Y., was destroyed by the Mafia because the company refused to do business with the mobsters, authorities said. They accused the Mafia of slaying two store managers and of a number of other A&P arsons.

nized authority on law enforcement, says that when the loan sharker springs the trap, "the pressured employee can earn his payment" by furnishing information about truck shipments which are ripe for hijacking. Or, he says, "Doors can be left open, management data furnished to facilitate mob-run union activities, payroll and other proprietary information can be furnished, trade secrets can be made vulnerable to theft, and so on."

Warns Mr. Gelb: "It is difficult to defend yourself against an enemy within your own ranks and you are inviting him in when you first permit criminal activity, especially gambling, to take place in your premises."

Phony bankruptcies, in which the big hand of organized crime is frequently present, pick untold millions

of dollars out of the pockets of unwary businessmen. Syndicate-engineered bankruptcies now exceed 200 annually, with each involving sometimes as many as 250 or more creditors.

The bogus bankruptcy is known in the trade as a "scam," old carnival jargon for "scheme." Any businessman looking for a quick profit is a potential patsy. Here's a typical scam, according to Mr. Danziger:

"One day, you suddenly get a big order for some merchandise. You know right away it's way out of proportion. That should ring a bell. Perhaps you should take another look before you fill the order. There's no immediate cash involved. Next thing you know, the outfit has declared bankruptcy and you're left holding the bag. Meanwhile, the other guy has sold all

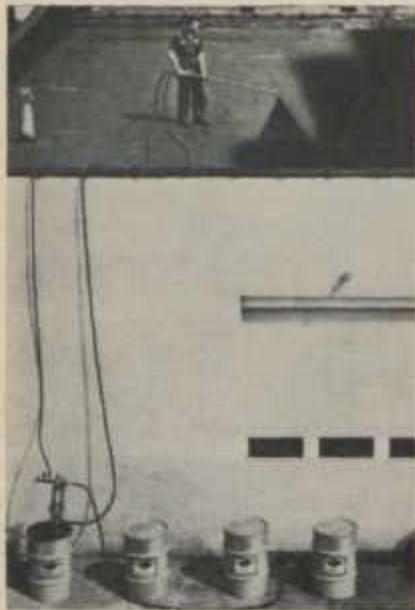
the merchandise he got from you and dozens of other suppliers and it didn't cost him a nickel."

In Chicago, not long ago, a new car dealer went bankrupt. When investigators arrived at the agency, every auto was gone. The missing cars eventually were found in cities hundreds of miles from Chicago, in the possession of Cosa Nostra henchmen.

Lack of security on securities

The mobs have spread their tentacles to Wall Street and the lucrative securities market. Some securities firms have been easy targets.

In one instance a \$100-a-week messenger was permitted to carry securities from one unlocked box to another unlocked box. The securities were seldom checked. The messenger, a regu-



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You Can Stop the Mobsters *continued*

lar horse-player, finally got in over his head with a bookie. The gambler offered him a way out: Steal some securities.

"Now you and I couldn't dispose of \$100,000 worth of stolen securities but the syndicate can and does," says Mr. Danziger. "They have the pipeline. This particular company wasn't aware some of its securities were missing. There is no telling how long this could have gone undetected. Fortunately, the securities were offered to an undercover man. When the theft was called to the company officials' attention they didn't believe it. They weren't convinced until they checked their own vaults."

All of these things serve to show how easy it is for organized crime to penetrate legitimate business. Mr. Gelb offers some suggestions for fighting back:

- As respected members of the community, businessmen can exert political power. They can help prevent election of politicians who "look the other way" when it comes to illegal gambling or other criminal activity.
- A businessman can use his financial strength as a lever to fight crime. A large corporation was planning to move into a California city. So was organized crime. The corporation warned city officials and business leaders that "if the mob comes in, we stay out." The community kept the mob out.
- Working through their local chamber of commerce or trade association, businessmen can press for remedies for underpaid and undertrained police, understaffed criminal courts and ineffective correctional programs.
- Businessmen can become a valuable resource of know-how on sound management for law enforcement agencies. They already offer such help to almost every other branch of government.

Unfair competition

Donald F. Taylor, president of Merrill Manufacturing Corp., Merrill, Wisc., and chairman of the National Chamber's advisory panel on crime, says:

"For too long, too many leaders of organized crime—identified as such by our law enforcement agencies—have been able to conduct their operations. The increasing use of legitimate businesses by such people . . . is a serious problem to the nation and to legitimate businessmen who cannot compete against businesses financed through the vast receipts from unlawful activities such as illegal gambling and sale of narcotics."

Sen. John McClellan of Arkansas, long a student of the criminal conspiracy in the United States, makes these points:

"With its infiltration of legitimate business, organized crime poses a new threat to the American economic system. The proper functioning of a free economy requires that economic decisions be made by persons free to exercise their own judgment. Force or fear limits choice, ultimately reduces quality, and increases prices."

"When organized crime moves into a business, it usually brings to that venture all the techniques of violence and intimidation which it used in its illegal businesses. Competitors can be effectively eliminated and customers can be effectively confined to sponsored suppliers."

Under the Safe Streets and Crime Act each state, in order to qualify for federal financial assistance, is required to hold public hearings before developing a workable plan to be submitted to Washington.

Mr. Danziger, who is responsible for supervising the organized crime program in these state plans, urges the business community to take a leading role in this new attack on crime if for no other reason than that it has so much at stake.

"If I were a businessman I certainly would want this program to be responsive to my needs, to the needs of my community," he asserts.

And Mr. Rogovin says:

"If our most concerned and prestigious citizens encourage public awareness and public interest, then the task of all of us in addressing problems of enforcement, crime prevention, and rehabilitation will be successful."

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Coming: the 12-Hour World

There's a rule of thumb in transportation that every time you cut travel time in half you double the volume of traffic between two points.

This was true thousands of years ago after man first caught a horse and rode him.

It was true less than two centuries ago after man harnessed steam and made himself railroads and steamships.

In the past 40 years the airplane has outraced the train, brought new products into commerce and helped convince millions of business people and tourists they should be on the go.

Since 1958, when passenger and freight jets took to the air, business has doubled again and again.

We are now near the time when again we cut our traveling time in half. The vehicle will be the supersonic transport—the SST—and the main beneficiary will be the American businessman.

Legions oppose the SST on grounds it is too costly, too noisy, too complicated, too limited in usage. The Wright brothers heard those charges too, but they went ahead and made their airplane. Gottlieb Daimler, Nicolas Cugnot and Henry Ford heard similar charges about their autos. George Stephenson heard those things about his steam locomotive.

But they pressed on just as SST builders are doing today in the United States, Britain, France and the Soviet Union. To these farsighted builders, reaching supersonic speeds in passenger aircraft is inevitable.

Half a day to anywhere

Man will achieve a great objective with the SST—the 12-hour world. He will be able to fly to any major airport in half a day.

A picture of the kind of flying you will do in the 12-hour world emerges from talking with airline people and SST builders in three countries.

The first SST American businessmen are likely to ride will be the Concorde, a 1,400-mile-per-hour craft of relatively modest size—it's a 130-seater—jointly built by the British Aircraft

Corp. and Sud Aviation of France. Two Concorde are well along in extensive testing periods and they're scheduled to go into passenger service in 1973, or soon afterward, on TWA, BOAC, Air France, Eastern, Continental, Pan American, American, Qantas, Air-India, Sabena, Braniff, United, Air Canada, Lufthansa, Japan Air and other lines.

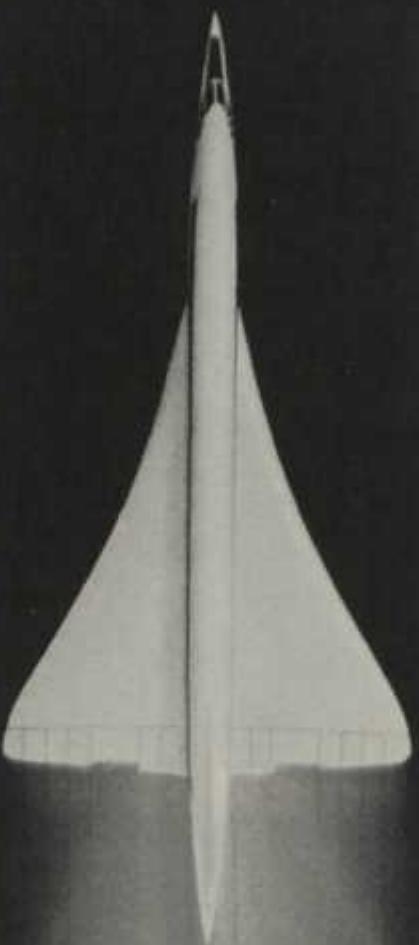
They cost more than \$20 million per copy and development costs will total \$2.5 billion. Private enterprises are turning the craft out, with the British and French governments providing some of the development funds and overseeing international aspects.

The Soviets have been testing their supersonic TU-144 which may get into service—on the Russian airline, Aeroflot—ahead of the Concorde because the Soviets don't prove out planes as extensively as Western manufacturers do. The TU-144 and Concorde are quite similar. American businessmen are not likely to ride a TU-144 unless they fly to Moscow or go to Japan via the northern route across Siberia.

The Soviets are trying to sell TU-144's to Japan and the Scandinavian Airlines System by promising to let them fly the trans-Siberia route to the Far East.

First American SST's are expected to come into service from five to eight years after the Concorde. The American plane, still in the drawing board stage, will be a second generation SST, built by Boeing to fly at 1,800 miles per hour and carry 230 passengers. It will be quieter and have much greater range than the Concorde.

The federal government still must



The SST sends the imagination soaring. What these pictures (models of a Concorde, left, and of a Boeing high above Florida photographed from Apollo 9, right) represent should be reality soon enough. If you were in an SST over Florida, it would look almost as far away as it does here.



Coming: the 12-Hour World *continued*

decide if and how it will participate in development costs of the Boeing.

It is generally agreed that SST flying will call for a 20 to 25 per cent fare surcharge. This not only will help recoup fantastic costs of planes and program; it also will force many passengers to continue riding older subsonic craft. (Extremely high operating costs have deterred some airlines from ordering Concorde, or from putting in larger orders.)

Airlines used surcharges 10 years ago, when jets came in, to protect themselves from having older equipment sit idle or fly half empty.

The early SST's may even be all first class.

Most passengers on early SST flights will be businessmen who must cover great distances in a hurry. Wealthy tourists also will be aboard, and there will be occasional doctors rushing to save patients' lives, high-ranking military men, and diplomats on missions that depend on timing.

New York-London shuttle?

A business executive will fly from New York to London in three hours and 20 minutes, have a leisurely lunch and a long business conference and then fly back to New York—all in much less than a day. Very likely there will be an SST New York-London shuttle within 15 years.

Executives will arrange world-wide series of business conferences in which they spend an hour or two with their colleagues in various cities just as executives now do when they visit four or five U. S. cities in a day.

Here are comparative flight times for a Concorde and a present day

Boeing 707 or DC-8 on a round-the-world trip.

	Sub- Concorde	sonic Time	Time
New York to San Francisco	2:37	5:35	
San Francisco to Honolulu	2:27	4:55	
Honolulu to Tokyo	3:38	7:05	
Tokyo to Singapore	3:07	6:03	
Singapore to Bombay	2:26	4:53	
Bombay to Beirut	2:31	5:25	
Beirut to London	2:17	4:45	
London to New York	3:20	7:35	

What 707's and DC-8's did to shrink the Atlantic, SST's will do to the much larger Pacific. It will be little more than a puddle within five years. There will be weekends in Tahiti, quick trips to Australia to work out business problems. And it will be a magazine-reading world, for there won't be time to get through a book during a flight.

Eastbound departure times for such flights as San Francisco to New York, and Chicago to London, will remain about the same, with early morning take-offs preferred. But westbound flights from London to New York, Washington to Denver, Chicago to Honolulu, will be set back.

SST's fly faster than the earth turns and an 8 a.m. departure from London's Heathrow Airport would get a businessman into New York just at dawn—by the clock, an hour or two before he left London. He would have to wait for offices to open.

In the early days of SST flying almost all routes will be over water or sparsely-settled land such as Siberia, Northern Canada, Western Australia, Africa and parts of South America. This is due to the trail of sonic booms left behind.

Until progress is made in making SST's quieter, it is unlikely the federal government will permit supersonic flights across the United States. General Electric, Pratt and Whitney, Rolls-Royce and other engine makers have vast research programs under way to get noise levels down to allowable maximums.

Lockheed Aircraft Corp. already is designing an SST which would be a 450-seater and would not create a sonic boom except under bad weather conditions. Speed would be much slower than the Concorde's or the Boeing's.

Eighty per cent of the world's long distance air traffic now is over water, and many flight paths can easily be switched over it. There is plenty of unpopulated or sparsely-populated territory for the SST to cover until it's quieted.

Upward and onward

The plan now is that SST's will take off and head out for water, flying subsonic speeds until they are clear of land. Then they will sweep upward and really get going. At the far end of the flight SST's will slow to subsonic speed as they approach land and populated areas.

The importance of Miami as an air center will be enhanced because there is so much water around the city. Flights from London to Australia will pass through Miami instead of going eastward over Europe. Flights from Europe to cities in the South will come into Miami, instead of New York, so that as much of the flight as possible can be made over water.

Permission is being sought to fly supersonically over Northern Canada on routes to and from Chicago and the Pacific or Asia, and Chicago and Northern Europe.

Combination flights may be possible in the United States. SST's would leave Washington or New York and fly subsonically until they reach thinly populated states and then go into high gear on their way to Pacific Coast cities.

These new routes will create new traffic centers and stimulate business just as camel caravans and spice ships to the East created new centers, new cultures and new businesses a thousand years ago.

Business travelers will find great differences when they board SST's.

The System Will Take a Beating

Businessmen who now jet from coast to coast and continent to continent are unhappily familiar with the wreckage that can be done to a man's system by flying through three, four or five time zones. Local clocks may say it's evening, but to the businessman just arrived in London from New York, it's early afternoon.

Imagine what it will be like for a supersonic executive to fly through six or seven time zones on a westbound trip and then fly back through those same time zones on the home-

ward eastbound trip the following day.

The poor fellow will be boggled up for a week.

One consolation, though. Because of the supersonic speeds there will be more one-day trips, say from New York to London and back, over distances which now require two or more days.

By flying to London in the morning and back to New York in the afternoon, the business executive in the 12-hour world will begin the day on New York time and end it on New York time.

Today's jets take off, gain altitude as soon as allowed and then level out for the main body of the flight. Concorde will take off and climb subsonically. After a time the businessman, reading a magazine, having a cocktail or working on reports, will feel the plane surge very high and very fast.

He will feel and hear an extra amount of thumps, bumps and grinds as the aircraft's wheels and then its nose come up. Concorde and TU-144's have adjustable noses which can be lowered for take-off and landing to let the pilot see ahead. As the Concorde moves into supersonic speed the "droop snoot" nose eases up and locks like a bird's beak.

After reaching 60,000 feet Concorde engines—more powerful than all the engines of the new Queen Elizabeth II ocean liner—will send the craft forward at mach 2.2 speed.

A dim view

At 60,000 feet, which is 25,000 feet higher than all but a relatively few people have ever been, everything is dark blue. Passengers won't be able to see much through the windows because Concorde and TU-144's have delta shaped wings which blot out the view. Boeings will have very wide wings also.

Even with a clear view, not much could be seen from 60,000 feet. The curvature of the earth would be obvious, but the Mississippi could barely be traced as a river. The Rockies and coastlines would be discernible. But not much else.

The prospect of flying at such heights and at such extreme speeds forced SST builders to do new and sometimes strange things.

A Concorde has trim tanks into which, and from which, the pilot can transfer fuel. As the craft shifts from subsonic to supersonic the heavy fuel will be moved about from tank to tank to keep weight distributed properly.

Solar radiation and solar flares are problems at such heights and SST's will carry radiation meters which tell a pilot when to go quickly down to 40,000 or 45,000 feet. But SST makers say the speed advantage in higher altitude balances off any radiation disadvantage, as a rule.

While the higher you go the more exposure there is to radiation, it also is true that the faster you go the less

time there is for that exposure to do any harm.

Air conditioners on Concorde provide heat during subsonic flying and cool air during supersonic flying. As a Concorde slips through the air at 1,400 miles per hour, the heat on the outer skin reaches 212 degrees, and that's hotter than boiling water. Painting planes snow white reduces heat by 20 or 30 degrees.

Riding in a Concorde will be something like sitting in a long, slim tube. Efforts have been made to remove the "tubelike" feeling—via color schemes, lighting, and an ample center aisle. One great improvement over 707's and DC-8's will be that pesky "middle seats" will be eliminated. Two rows of especially wide seats will run down either side of the cabin.

Through liberal use of U.S. and British electronic equipment the Concorde will fly 90 to 95 per cent of the time on what once was called "automatic pilot." That term is passé: It's an "automatic flight control system" these days. Computerizing permits the two pilots and engineer in the flight deck to spend almost all their time after take-off and before landing monitoring controls rather than working them.

No passenger aircraft has ever been computerized to the degree of the Concorde.

That's not all, folks

The Concorde, the TU-144, the Boeing SST and possibly one or two others will be the aircraft of the 1970's and early 1980's. As the years go on they will be "stretched," as the manufacturers say, to make them larger. More powerful engines will be installed in later versions to make them go faster. Their range will be extended and their comforts increased.

Such expansion happened to piston planes and jets 10 to 20 years ago.

Man has never yet been satisfied to travel for long at the same speed. And this brings up the question, what lies beyond the supersonic transports? What will man make next?

Well, man already has a name for both the next type of airliner and the type to come after that.

After supersonics will come the hypersonic transport: The HST. And then will come the sub-orbital craft.

END

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Campus militants will be on the march again this fall, but will find stiffened resistance to their guerilla warfare as moderates work for constructive changes.

CAMPUS OUTLOOK: MORE TURMOIL

There's gloom, but no feeling of doom, among university administrators; they see rays of light among faculties and responsible students—and they're talking about being tougher themselves

"As bad, or worse."

"Universities are going to have to learn to live with this."

"Not going to blow over soon."

In those and many similar predictions, leading educators across the country told *NATION'S BUSINESS* they expect the school year beginning next month to bring more of the turmoil that made the past year probably the most chaotic in the history of American higher education.

At the same time, there is a strong new spirit of determination to take a firm stand against lawlessness, work more constructively with responsible students and, hopefully, cut back the influence radical-militant blocs have exerted—an influence out of all proportion to their splinter status.

Responsible students will have more of a voice in some, but by no means all, policy decisions, and will be brought in increasing numbers into curriculum and faculty evaluation committees, as well as some key

ROBERT T. GRAY, author of this article, is an associate editor of *NATION'S BUSINESS*.



PHOTO: RICK IRVINE

Ned Callan, acting president of the Association of Student Governments, has taken to campuses as part of a campaign to rally the "silent majority" of students to press for constructive changes through legitimate means. He says moderates won't settle for "a pat on the head in place of real action and interest" by administrators, but also "are beginning to realize" they have been used by SDS.

governing bodies. Administrators also will be tougher in pressing faculty members, frequently anti-administration or gleefully neutral when trouble breaks out, to assume more responsibility in preserving order.

Those are the key findings of a survey NATION'S BUSINESS conducted to preview what's ahead on campuses and what is likely to be done in search of immediate and long-range solutions to the problem of student revolt.

Responses at several points produced the view there are special problems for business in the campus uprisings as well as special opportunities for businessmen to help responsible, hard-working administrators, faculty and students weather the current storm.

Dr. S. I. Hayakawa, the firm-handed leader who restored order to stormy San Francisco State College, said businessmen could make a major contribution by offering help to their local public institutions of higher education, including community colleges.

And Rep. Lawrence J. Hogan (R-Md.), one of 22 House Republicans who returned from a campus tour dis-

turbed over what they heard from students, said businessmen should launch an organized drive to correct students' "totally distorted view of the business world."

Gloom—more or less

While educators differ in their degree of gloom about the upcoming school year, none is ready to say the worst is over.

"I don't anticipate any letting up on the part of the students," Dr. Logan Wilson, president of the prestigious American Council on Education, said. "I don't anticipate this is going to blow over soon."

The Council has more than 1,300 institutional members, including most of the nation's colleges and universities. Dr. Wilson summed up the views of its board of directors after a meeting that included such veterans of the campus wars as Presidents Kenneth Pitzer of Stanford, Theodore Hesburgh of Notre Dame and Calvin Plimpton of Amherst, and President-emeritus Grayson Kirk of Columbia and Chancellor Roger Heyns of the University of California at Berkeley.

College presidents participating in the session were unanimous in anticipation of more trouble ahead. As a result, a special committee is going to map ways to deal with disruption without breaching academic or legal rights.

Several other organizations and individual schools have, or plan to, set up similar panels. One major cost of campus radicalism is the vast number of man hours educators and law enforcement officials must commit to combatting it.)

Chancellor Heyns, whose school is considered the birthplace of the current wave of campus revolution, said, "The general level of discontent is still high among students and in the society at large."

But conflicts in the new school year can at least be reduced, he added, if students and faculty exert a moderating influence quickly enough. He said he referred to those students and professors who are "beginning to see the way universities are being used."

Alumni and the business community can help in times of trouble, the chancellor said, "by urging some poise and

Campus Outlook: More Turmoil *continued*

patience on the part of the public at large."

Chancellor Samuel B. Gould, interviewed at Albany, N.Y., headquarters of the State University of New York, composed of more than 60 schools and 165,000 full-time students, said that "next year is going to be just as bad or worse" on the nation's campuses.

Chancellor Maurice Mitchell of the University of Denver, who went into higher education after a successful business career, expressed fear that a far more violent period is ahead, possibly one that will see actual use of guns, which so far have only been brandished.

"Every year has gotten more violent," he said.

Learning to live with it

At Roosevelt University in downtown Chicago, President Rolf Weil, former head of the business school there, said his job is like walking on a tightrope: "You try to be responsible to legitimate demands and you try to meet the teaching requirements of a university."

While holding it would be foolhardy to predict the extent of disruption in the new school year, he commented that "universities will have to live with this militancy the same way business has had to live with unions."

Deans of business schools at colleges and universities throughout the country generally shared the views of the presidents. A majority of deans polled by NATION'S BUSINESS forecast as much or more disruption on campuses this year as in the last school year. [See "Business as Usual," page 42.]

And most expressed the view of other administrators that, while lawlessness or interference with university activity cannot be tolerated, there is a definite need for opening lines of communication through which responsible students can air grievances.

Floyd A. Bond, dean of the Graduate School of Business Administration at the University of Michigan, said he anticipated "more disorders of a somewhat different nature," and added:

"Those planning such events must feel greatly encouraged by their past

success and at the same time must realize that the forces for law and order are gaining momentum. Hence, the strategy will change and new forms of civil disorders will occur."

At Cornell, scene of the famous surrender to armed militants, the administration will go into a new term with new leadership under orders from trustees that "disruption and tactics of terror will be met by firm and appropriate response."

President Nathan Pusey of Harvard, scene of another of the major confrontations this year, sees a continuing problem of "a small group of people who are determined to use force and violence."

Dr. J. Martin Klotsche, chancellor of the University of Wisconsin at Milwaukee, looks ahead this way: "Many students are rebelling against continuing controls and refuse to accept compulsions and sanctions imposed by the university. All this is not likely to change in the future. . . ."

Many students praised

Educators were quick to express the view that the radicals and hard core troublemakers comprise no more than 2 per cent of the student body or, nationally, about 125,000 students out of 6.5 million.

But Dr. Klotsche added depth to that statistic: "Make no mistake about it. These few are out to wreck the university and destroy society."

On the other hand, there was repeated high praise for the vast majority of students plus pleas to remember, as one president put it, that "this is the only younger generation we've got. If we can't work with them, what are we going to do?"

In Albany, Chancellor Gould commented: "Let's not forget that an awful lot of young people have their hearts in the right place." At one school in his university this spring, he recalled, 817 students donated pints of blood to a blood bank in a one-week drive.

At another, a group of students proclaimed themselves tired of the debris thrown from cars and went out on their own to clean up a five-mile stretch of highway.

Those activities and many like them across the country often "don't rate a line" amidst news reports of violence and destruction by a handful



PHOTO: BRUCE MC ALLISTER—BLACK STAR

of students, Chancellor Gould said.

At Wabash College in Indiana, F. W. Misch served for a year as acting president after a 42-year business career in which he rose to financial vice president of the Chrysler Corp.

In a candid, final talk to his student body, he said: "To a great degree, I'm sure I've softened up on some of the ideas I had about your generation when I came here. Beards, mustaches and long hair seemed a bit far out nine months ago. Today, after seeing during my term of office at Wabash a definite increase in these hirsute adornments, I'm inclined to give them my complete blessing."

Business opportunities

Dr. Hayakawa and Rep. Hogan don't feel businessmen must take over active leadership of a college—as Mr. Misch did—in order to make significant contributions to higher education.



Chancellor Maurice B. Mitchell, University of Denver, summarily rejected radical demands as a "gross insult to the student body." A former businessman, he advises "action, not double-talk," in facing up to trouble.

blamed "faculty members who are out of touch with the world or just plain antibusiness."

There is urgent need for a continuing program to demonstrate to college youth "the many things business is doing in a positive, socially-oriented way," Rep. Hogan said.

For example, he said, few if any students have a full grasp of the extent to which business and industry provide job training to the unskilled poor, or of the research going on in firms to find ways to combat hunger and malnutrition.

While educators had varying views as to causes of student unrest, none adopted the position that the academic community should resist all demands for change.

For the new school year, specific areas appear to shape up this way:

Combatting disorders—Administrations will stiffen because of troubles on their own campuses or due to such chilling examples as the guns at Cornell and the manhandling of deans at Harvard. Officials will be quicker to move at the first signs of lawlessness. Injunctions, which make violators answerable to the courts rather than to college administrations, have proved effective and will probably be used more frequently.

More cooperation between campus officials and local police is also indicated, with ground rules being set up in advance on when police are to be called on campus and how they will act when they get there.

(Controversy continues in academic circles over whether Harvard's President Pusey should have summoned police to oust radicals occupying and vandalizing a university building. Dr. Hayakawa, who developed an effective working relationship with San Francisco police, sees no problem: "If fires were being set or bombs thrown through windows or property destroyed at an airport or a bowling

alley, you'd call the police at once. Why should a university be considered different?"

Student participation in policy making—There is general agreement that there will be more of it, particularly in determining curriculum and to a lesser extent in evaluation of faculty, as well as in shaping rules of conduct.

While more extensive machinery will be established for obtaining students' views, no one is ready to give them a dominant voice in such areas as hiring and promoting faculty or determining, for example, whether to establish a new black studies program or raise tuition.

As a result, differences will continue to arise and "more student participation" will not be anywhere near the panacea some boosters would claim.

Admissions policy—There is practically no support for militants' demands at many schools to throw open freshman classes to all minority group members who have completed high school. But there will be more willingness to develop new testing procedures to determine capabilities of such students who cannot meet formal entrance requirements, and more efforts to help upgrade them so they can take regular courses.

Chancellor Gould holds that lowering the standards to allow ill-prepared students to pass would head toward "complete absurdity." He said: "You might as well give a baccalaureate degree to everyone at birth, if status is all that matters and what you know has no relevance."

Faculty—Presidents, chancellors and most other administrators will be looking to the faculty in the new school year to assert more leadership in preserving order, to avoid actions that might stir up students against the administration and to pay more attention, as one educator put it, to a school's over-all problems rather than their own popularity among students.

"The inactivity of the faculties has really been a big part of the problem," Dr. Wilson said. "They're just not getting behind their administrations. Some of them are even a little gleeful when trouble comes."

President Weil and Chancellor Klotzsche said that, while many professors are liberal in demanding changes

The San Francisco State leader said they can play a vital role by giving advice and assistance, such as teaching part-time, to their local public colleges, including community colleges.

"Get acquainted with the staff and professors, learn more about their problems," he advised.

Among other things, Dr. Hayakawa said, business leaders can tell schools what job skills are needed, and then put themselves in a position to hire graduates.

A business that provides visible evidence within a community that a job is waiting for a student on graduation "can motivate youngsters in a way no professor can," he said.

Rep. Hogan said he had found on one campus after another that many students "don't believe in the free enterprise system."

They evaluate the business world on the basis of "myths," he said, and he

Campus Outlook: More Turmoil *continued*



Dr. S. I. Hayakawa's firm-handed defense of San Francisco State against campus anarchists won him permanent appointment as president. He sees an expanded role for businessmen in helping to improve public higher education.

when it comes to war, the draft, and economic and political issues, they turn conservative about quick changes in their own areas.

Faculty members who have criticized their administrations should, one president suggested, undergo the academic equivalent of having to meet a payroll: "Be an administrator for a short period of time."

Other administrators are encouraged by developments like the one at Michigan State, where nearly 100 faculty members turned out voluntarily to dissuade students at the site of a near-riot to leave and not become embroiled in trouble—not related to the school—that did follow later.

Alumni—While many graduates were indignant when, they felt, their schools were vacillating in the face of lawlessness, their protests are giving way to expressions of willingness to rally behind school administrations, help them deal with the problems. Alumni support remains high by another measure—Harvard and Cornell reported record financial contributions, with Stanford also showing a big jump in total gifts from business and industry.

The American Alumni Council ran a spot check on troubled campuses

throughout the country, found that gifts from alumni at most had either increased or were unchanged.

A Council official said that schools which have good communications with alumni were able to explain what had happened and why they acted the way they did, and in most cases won strong support from graduates.

Increases in gifts to schools that experienced troubles in the past year represent in part a move by alumni to rally around and help their alma mater "weather the crisis," the Council spokesman said.

Of 30 schools checked, six reported disturbances had led to noticeable gift cancellations.

ROTC—Strong support will continue from both schools and students, despite widely publicized but scattered moves to abolish units entirely or withdraw academic credit. A total of 347 schools now have 497 units. Army units will be activated at 18 additional schools by September, 1970, and more than 300 schools remain on a waiting list.

At the same time, Defense Secretary Melvin R. Laird has expressed willingness to consider changes that would improve this program over-all

and at individual schools. Shifting more of the pure military training to summertime is one avenue to be explored. But Secretary Laird drew a line: "We are not prepared to see the ROTC degraded in any way."

Why won't it all go away?

With such supposedly rigid organizations as college administrations and the Defense Department more than willing to take an understanding look at students' complaints, why then the prospect of even more trouble?

Here educators are in wide disagreement. Some, like Messrs. Wilson, Plimpton and Gould, see the answer in a more aggressive effort by youngsters to resolve such problems as Viet Nam, the draft, civil rights and the woes of cities.

But Dr. Hayakawa feels radicals citing the war as justification for their tactics "are simply looking for a pretext to rebel against authority. The root cause is psychological—the radicals are determined to quarrel with any authority figure and what it stands for."

A few educators say trouble could be averted by acceding to black militants' demands for Afro-American courses taught by and to Negroes only.

Roosevelt University, opened in 1945 in downtown Chicago as a commuter college that welcomed minority-group students, has a story to tell on that score.

It has offered black studies courses since it opened its doors. But it wasn't safe in 1969, when the Black Students Association launched a series of guerilla-like raids, taking over classrooms and demanding more black studies.

President Weil, whose family fled from Nazi Germany in the 1930's, told NATION'S BUSINESS his school's experience had proven "the fact you offer an extensive list of black studies is no guarantee you won't have trouble."

One theory has it that firm resistance to radical demands drives the moderate students into the revolutionary camp.

A moderates' backlash

But at San Francisco State, under Dr. Hayakawa, the majority of the

student body voted out radicals who had gained control of the student government and its treasury. The faculty also ousted radicals who had taken over its own organization. Most students simply got tired of constant interruptions in their education.

"The economic base of radicalism on

this campus has been destroyed," Dr. Hayakawa said, predicting his own campus will be more quiet in the new year.

At the University of Denver, a firm promise that "swift, sure results" would follow any disruption was accompanied by the drafting of what amounts to a student bill of rights,

and of a separate disciplinary code. Students participated fully in the drafting, providing a blend of responsibility and self-discipline.

And many other moderate students are coming to the fore. The Association of Student Governments, headquartered in Washington and representing groups on 300 campuses, is seeking through research into campus problems, improved communications among schools and, hopefully, a high-level national meeting, to find ways to defuse disputes before they explode.

The emotional pressures of demands for black studies or student selection of faculty at a given school can be eased, ASG officials feel, by bringing to bear all available knowledge on those issues—including the successes or failures others have had in experimenting with them, the actual extent of student participation and what evidence there is that the radicals have been genuinely concerned or have just been stirring up trouble.

Armed with such information, middle-ground students in a crisis situation can arrive at their own reasoned judgments, the ASG hopes.

And, it feels, the research-communications operations can go a long way toward helping responsible students bring about needed and constructive change.

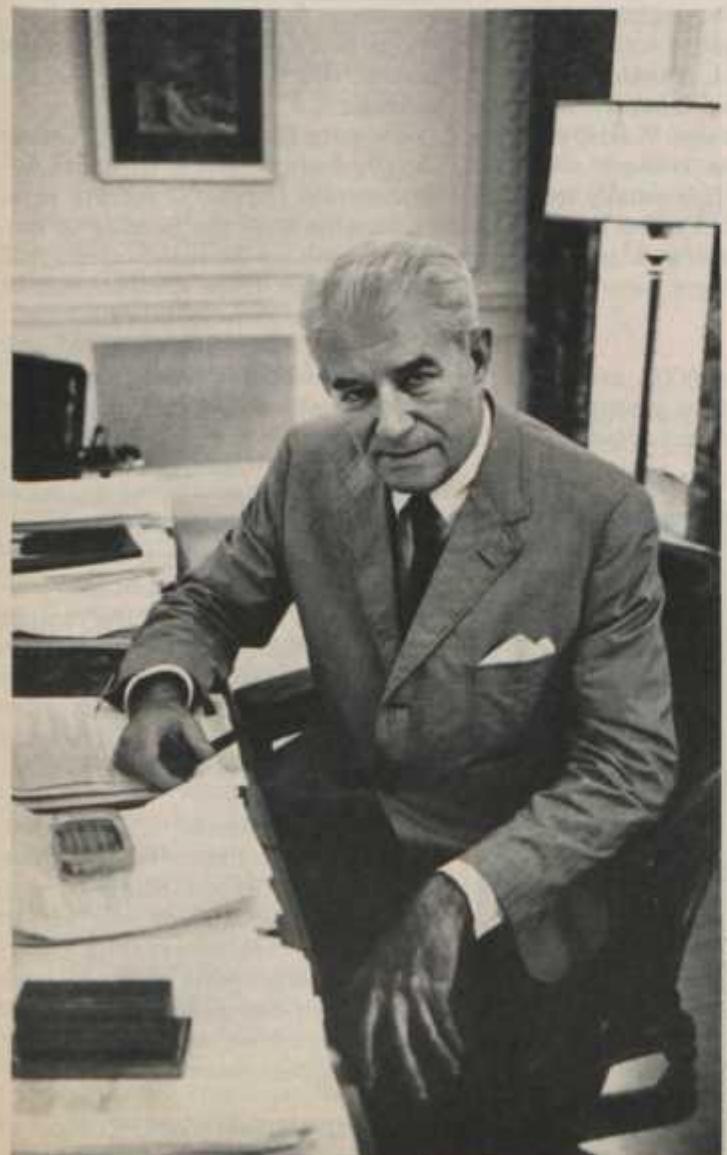
"The New Left needs specific grievances to exploit," the ASG explains. "If they don't get them, they can't exploit them."

Madness and beyond

When all the factors and all the parties involved are considered, the immediate future appears to contain more of the same violent, revolutionary madness that has plagued American higher education in the past few years but with a resurgence of efforts by many determined, concerned people to put things right again.

And beyond that? Acting President Misch at Wabash College had an answer that fits past as well as future generations of collegiate dissenters, dissidents, protestors, administration-baiters and all but the most far-out revolutionaries. He told his students: "Whether you like it or not, in just a few years you will not be able to duck the responsibility—you will be the Establishment." **END**

Dr. Logan Wilson, president of the American Council on Education, doubts there'll be "any letting up" by students out to disrupt colleges. Council goal is preserving both order and academic freedom.



BUSINESS AS USUAL

Heads of schools training future executives see plenty of trouble ahead, but not for themselves or their students

Campus riots have had almost no support from business students or faculty and won't have any appreciable effect on the number and quality of students enrolling in business schools.

This is the view of the vast majority of America's top business educators, polled by NATION'S BUSINESS through the American Association of Collegiate Schools of Business.

Most of these scores of deans and department heads predict at least as many disorders this fall as last year, directed at the top administration of universities or at the liberal arts and social science schools.

About four out of 10, though, predict fewer campus disorders. And some qualify their views by saying:

- There will be more disorders if the Viet Nam war isn't ending; fewer if it is.
- There will be more unless legislatures or universities exercise more control.
- It all depends on policies adopted by university administrators.

Nearly all these educators believe schools of business will be immune from student disorder. Business students are generally unsympathetic with the aims of the demonstrators, they say.

"Although schools of business seem a likely target since they can be viewed as creating organization men for the so-called military-industrial complex, I do not think campus radicals will make them a target for direct attack," says Dean Abraham L. Gitlow, *School of Commerce, New York Uni-*

versity. "The radicals have discovered too much firm resistance among the students and faculty of the professional schools—especially business and engineering."

Dean Robert L. Burke, *School of Business Administration, Gonzaga University, Spokane, Wash.*, suggests why liberal arts colleges are more likely targets: "It is usually true that attacks are made against the weakest and not the strongest portion and liberal arts colleges have been par-

ticularly irrelevant with respect to today's world. In far too many instances they are still training the sons of gentlemen for a life of leisure."

Some deans even predict the campus turmoil will raise business school enrollment.

Associate Dean Thomas A. Graves Jr., *Graduate School of Business Administration, Harvard University*, says: "I imagine that the number of students selecting business careers will rise, and that these students will be more active, more involved."

Dean Gerald L. Cleveland, *School of Business, Seattle University*, agrees: "In my opinion, students majoring in business will increase. Many students recognize that business courses deal with some of the 'real' problems of contemporary society."

Dean John S. Fielden, *College of Business Administration, Boston University*, feels the effect of the campus turmoil probably will be "very beneficial" for business. "It will tend to make most thinking students more socially conscious, and our society needs socially-conscious business managers," he says.

Acting Dean Donald L. Thompson, *College of Business Administration, University of Oregon*, disagrees, saying: "The effect already has been to turn away young people from engaging in undergraduate study of business in the direction of liberal arts majors, which are more immediately related to contemporary social problems."

Dean C. William Voris, *College of Business and Public Administration,*



PHOTO: ARTHUR LEVINE—BLACK STAR



Dr. Irons, Howard University, urges: "Enlist elected student leaders in the decision process."

University of Arizona, also is pessimistic. "It will mean," he says, "that many of our most talented young people will shun business careers."

Whatever their effect in the long run, campus militants have found little support so far among students or faculty at business schools in either the giant universities, or smaller ones. Of 178 deans who replied to the poll, 151 say their students and faculty took little or no part in the recent disorders.

That was the reply of Dean Donald W. O'Connell, *College of Business and Public Administration, University of Maryland*, and of Dean B. F. Landuyt, *College of Business and Administration, University of Detroit*.

"With the exception of one or two junior faculty members, and two or three militant students," Dean Landuyt says, "the business school had little such participation, a pattern I expect will continue."

"Business students and faculty have not been active," agrees Dean Paul V. Grambsch, *School of Business Administration, University of Minnesota*. "But a continuation of the war might bring about a change."

"I think we are going to have to

breed a new group of administrators who have the right blend of negotiating skill and ability to know when and how to crack down.

"The situation is not far different from that facing industry in the turbulent times of the middle Thirties, and it was necessary to breed a new kind of company executive."

What steps, the business educators were asked, would they recommend to control campus disorders?

Their answers stress firmness—but also a greater voice for students in university affairs. Witness these comments:

Dean Kermit O. Hanson, Graduate School of Business Administration, University of Washington:

"Develop an organizational structure which has creative and compassionate leadership, and encourages uninhibited exchange of ideas among faculty, students and administrators."

"Expedite the decision-making process to facilitate change."

"Formulate regulations which more clearly state the rules of the game—and which provide discipline policies."

Edward D. Irons, chairman, Department of Business Administration, Howard University:

"Listen to the rational grievances of students. Enlist elected student lead-



Dean Hanson, University of Washington, asks regulations that clearly "state the rules of the game."

ers in the decision process on a substantive and genuine basis. Selectively punish irrational behavior."

Dean William H. Baughn, Graduate School of Business Administration, University of Colorado:

"Universities should recognize areas where progress is needed and attempt to correct deficiencies. However, discussion and change should be kept within orderly procedures."

"Interference with the rights of others, property destruction and threats of violence must be handled promptly and conclusively. Compromise with destructive, militant groups leads to further disorder."

Dean Frank S. Kaulback Jr., McIntire School of Commerce, University of Virginia:

"Sensible, mature consideration of reasonable student requests. This does not include requests for discriminatory treatment based upon racial or other reasons."

"Swift, severe and certain punishment (expulsion, police action or both) for those advocating or resorting to violence."

Dean Glenn D. Overman, College of Business Administration, Arizona State University:

Dean Grambsch, University of Minnesota: "I think we're going to have to breed a new group of administrators."



Business as Usual continued

"There are no easy methods to control campus disorders, but administrators must find a way to eliminate by suspension or expulsion those students who interfere with normal operation of the university.

"It is too much to hope for busy faculty members and students to take the time to out-shout, out-parade and out-protest the protesters.

"They expect the university administration to provide an orderly campus the same way it provides other facilities conducive to the educational processes."

Dr. Philip C. Shaak, associate dean, *Graduate School of Business Administration, Rutgers—The State University of New Jersey:*

"More student involvement in university policy decisions in the first place.

"Clearly state what student activities are acceptable and what are not under university policy.

"When and if unacceptable activity

takes place, the university should take action promptly."

Dean Richard H. Holton, *School of Business Administration, University of California at Berkeley:*

"Rules regarding student activities may need to be reviewed carefully and then enforced with a firm hand, with particular attention given to procedures to assure fair hearings.

"If outside law enforcement officers are necessary, they should be carefully instructed so as to minimize any incidents which might lead to charges of brutality; they should make arrests in large numbers, if necessary, rather than simply using their billy clubs or guns."

Dean Robert Lynn, *College of Commerce, Kansas State University:*

"Listen to legitimate grievances and take appropriate corrective measures. Don't overreact to disorders; this alienates moderates."

Dean Edward C. Atwood Jr., *School of Commerce and Administration, Washington and Lee University:* "Listen to students, treat them fairly, accommodate them when possible and explain it when you cannot."

Dean James H. MacNeill, *College of Business Administration, Fordham University:*

"When extraordinary means are employed by students to achieve demands, such as coercion, intimidation, disruption and other power plays, the university should not stop functioning and respond to these demands. The result of this practice has been a stop-and-go existence at the whim of a handful of radicals.

"When rules (and laws) are broken, penalties should be imposed. If these people are not held responsible for their misdeeds now, they will never be useful members of society.

"A vigorous campaign must be waged to teach students that policymaking by demand and force cannot be tolerated."

Dean George H. Robbins, *Graduate School of Business Administration, University of California at Los Angeles:*

"Strong faculty government to study needs for reform, to determine consensus and to be prepared to support reasonable proposals from whatever source.

"Use of court orders and regular enforcement procedures where viola-

tions of law occur—with quick court action.

"Repeal of federal and state legislation that has resulted from panic, fear and reaction, but that only makes matters more critical."

Some business educators emphasize that the universities must examine their own consciences more closely to see where they may be at fault.

Dean William J. Regan, *College of Business Administration, University of San Francisco:*

"Listen to the more perceptive leaders of the rebellions, department by department, campus by campus. Their dissension is not without cause.

"Recognize teaching and student involvement as the main criteria for faculty advancement and reward. Encourage faculty to spend more time on campus and to know their students by name.

"Reduce faculty moonlighting and travel. Increase the teaching load of able instructors."

Dean Baughn, *University of Colorado, insists that discussion and change stay within orderly procedures.*



PHOTO: JOHN ALEXANDER WHITE—BLACK STAR



PHOTO: JOHN ALEXANDER WHITE—BLACK STAR

Donald L. Calame, head, *Business Department, Southwest Missouri State College*:

"There must be a recognition that injustices do exist and have persisted. The simplistic notion that predominant force will quiet the disquieted is a naive hope."

Dean James L. Hayes, *School of Business Administration, Duquesne University*, suggests "serious analysis of college and university organization.

"Traditional organization is medieval, decision-making is far slower than demand for decisions. Faculty should participate more fully in decisions but only after they exercise their responsibility in learning what is known about administration. . . .

"Schools of business should expose other faculties to what they know and implement decisions closer to the student level."

Dean J. T. Stewart, *Division of Applied Sciences and Technology, Grambling College, Grambling, La.*, urges "more realistic (scholastic) offerings" and "more use of students on planning and other committees."

Says Dean John W. Hennessey Jr., *The Amos Tuck School of Business Administration, Dartmouth College*:

"Analyze system of student-faculty staff participation in decision-making at all levels. . . .

"Provide institutionally for expression of caring and wanting to act on larger issues: Viet Nam (and selective service), urban crisis, maldistribution of opportunity and resources, quality of environment.

"Seek ways to refresh or renew the university and its teaching goals and processes."

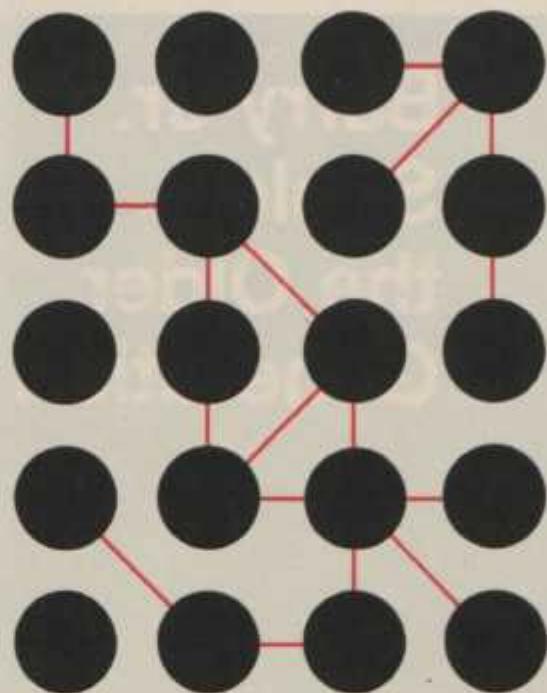
Finally, some of the educators point out a university has its limitations.

Thus, Donald L. Thompson, acting dean, *College of Business Administration, University of Oregon*, comments: "We must bring home to students, nonstudents, faculty and all members of the campus community the hard fact that higher education cannot directly solve all the world's problems. . . .

"This means that a college's contribution lies in the extent to which it can prepare its students to cope with the problems of contemporary society, and not in its ability to directly solve those problems itself."

END

ACCE ANNUAL MANAGEMENT CONFERENCE



Dollars and sense are both involved when there is an interchange of ideas. One technique for exchanging information—and refueling the idea cells is to attend a conference, symposium, forum, or maybe a convention.

When people get together, there is interchange. Most of mankind's accomplishments have resulted from a conference—of two or more people.

New management techniques obtained at meetings benefit everyone. This exposure and application of new or exchanged ideas "recharges the battery" and is directly related to organization improvement.

The executive of your organization is probably planning now to attend the Annual Management Conference of the American Chamber of Commerce Executives. It's in Detroit, Michigan, October 19-20.

Encourage management training—it pays.



PETE PROGRESS

Speaking for the local chamber of commerce in your community

**campus
outlook:
more
turmoil**

Barry Jr. Scolds the Older Generation



PHOTO: DENNIS BRACK—BLACK STAR

If the slogan that kicked off campus rebellion four years ago—"Don't trust anyone over 30"—is meaningful, then Rep. Barry Goldwater Jr. of California lost it with the younger generation a month ago.

But Barry Jr., just turned 31, doesn't think so.

He feels he not only has good lines of communications open to the under 30 set, but he understands their hang-ups and can speak their language.

The son of the 1964 Republican Presidential candidate is a hard-liner on campus violence, but also believes recalcitrant students have a message which is not getting through to their elders: That their elders have not "directed" them "constructively."

A 1962 graduate of Arizona State University in Business and Marketing, young Goldwater was a stockbroker before actively seeking public office.

Like his U. S. Senator father, he's a Republican who leans heavily toward conservatism. But he doesn't think he's out of step with others his age who so often are regarded as liberal.

He was elected to the House April 29 in a special election to fill the seat held by Rep. Ed Reinecke, who became California's lieutenant governor. He is two months shy of being the youngest member of Congress.

Here, Barry Jr. gives a NATION'S BUSINESS editor his views on some of the problems of youth which seem so perplexing to their elders.

What is your opinion on the current campus upheaval?

Basically, we as Americans have in a sense created this—the older generation, the mothers and fathers and school administrators—because the young people have a tremendous amount of en-

ergy to burn, and they are a very curious bunch.

What we have failed to do is answer the basic questions of what, where, when, how and why, especially why. As a result, we haven't provided the two things that are essential. Number one is direction, and that's by answering these questions. The second thing is discipline.

So we have sort of left them looking for their own thing, so to speak.

Are you blaming the parents and the older generation entirely?

No, not really. But after all, the young people are in the learning process, in a development stage, and they are looking for direction. They're looking for discipline. They might not admit this but they are, and they respect it. Most people do, if it's constructive and responsible.

It's very natural for young people, if they are not directed constructively, if they are not disciplined, to tend to gravitate toward sensationalism, controversy, anything to grab hold of as a cause.

They have latched onto a cause. The cause is very hard to define but they've put labels on it—"personal freedom," "better education."

Since you've stated the cause and who is responsible, what can be done now to change the direction, to restore some peace on the college campus?

Well, what must be done cannot be done from the federal level. It really can't be done from the governor's office. I think the real emphasis has to be placed in the area of control of those who have the responsibility—school boards, trustees, regents of universities

and colleges, and right on down to the chancellors and presidents of schools.

These are the people who can do something about it. That's what they're there for.

In order to get them to do something you have to have the people, the mothers and fathers, the voters, demand that they take action.

How do you handle a situation like this?

I think you have to take into consideration young people today versus what they were when you were in school. Education has progressed to the degree where you might say students today are somewhat more intelligent at college age than they were.

In this materialistic world we live in, though, they are exposed to so much more, and they have a wider breadth to look at, to influence them. Perhaps an updating of our college curriculum is needed.

For instance?

Well, they talk about the black studies group. I disagree that we need black teachers to teach black courses or that we need a separate college of black studies. But I think we can take part of that and put it to good use from the educational standpoint.

For instance, I feel we can provide studies in history and civics to show the achievements of the various nationalities, not only just for black students or Mexican students, but for all students.

How much do you think businessmen are to blame for the college disturbances?

To the extent that they have not become sufficiently aware of the problem and have not taken a big enough part

Barry Jr. Scolds the Older Generation

continued

in trying to solve it, although in recent years thousands of businessmen have taken a keener interest.

Also, I do have thoughts about the role of business in education. I felt when I was in college I would have liked to see more businessmen participating. The businessman could help to inject reality into many college subjects.

In other words, let the professors teach them the basics. The students could learn how to apply this theoretical knowledge by having people who are in business come in, for example, and say, "You have learned this about marketing and promotion. Here we have XYZ baby food company. Here is how they actually promote their product." And you see it.

Or suppose there's a discussion in class about wages and employment. Why not invite them to a business firm and show them some of the problems? Let them get a better understanding of what business has to contend with.

During your campaign you urged a joint Congressional investigation to determine why campus disturbances are so well organized and financed. Are you following this up?

Actually what I urged was that the Congressional investigating committees make public the information they have compiled on student riots, or at least give the information to the states. I'm a strong believer in letting the states solve these campus problems. The federal government has been collecting a wealth of information from the states. Why not funnel this back to the states, so they can act on their own?

Student militants condemn university authorities when they call for police help to quell a campus disturbance. What's your view?

I pretty much take the same view as Gov. Ronald Reagan. He dislikes very much having to call the police or National Guard, but when all law and order breaks down and when the community calls for help, you have no other course. I don't think this sort of anarchy should be tolerated.



"Young people have a responsibility also."

Just before you took office you sent a questionnaire to voters in your district and some 85 percent favored stronger action to stop campus disturbances. Does that tell you anything?

It's an example, though just an example, of what the feeling is all across the country. I'm sure of that.

Is it true you are against lowering the voting age and your father is in favor of it?

Yes, if you want a quick answer. But there are shades of difference. If under our present system someone wanted to lower the voting age to 18, I'd say No, and I think my father would, too, because the basic assumption is that voting carries with it certain responsibilities.

In my opinion, if they lower the voting age to 18 they should lower all ages: drinking, the age of consent and so forth. In other words, if a person is old enough and intelligent enough to assume the responsibility of voting, then he should be old enough to assume these other responsibilities.

Some students at 18 are far more intelligent and responsible than some older people.

You don't necessarily buy the argument that if you are old enough to die for your country, or marry, or pay taxes, you have the right to vote when you're 18?

I really don't. I appreciate the argument, but there is more to it than that.

Do you consider there is a generation gap between you and your father?

At times there has been.

Recent times?

When I was young we were miles apart at times. But as I've grown older we've grown closer. Actually, all my life there's been a very warm, very good understanding between the two of us.

When I was younger the big complaint I had, as the students have today, was that so many questions weren't answered. It was hard getting answers to the whys. It's well enough to tell a man, you know, that Columbus discovered America or that you have to have profits as an incentive to make free enterprise work, but why do we? Young people do not accept the fact as true.

Do you think there are answers to all the questions that bother young people?

Yes I think so. When you and I can talk I can tell you things and many times you'll accept them, whereas the younger people won't, because they've got all this energy, you see, and they want to learn.

Does your dad give you any pointers? Did he tell you how to be an effective campaigner or how to be an effective Congressman?

Nothing more than the basics of life, the Golden Rule approach. The greatest thing he did was to instill in me at an early age a sense of responsibility and give me a basic philosophy to follow.

When I first went into business he said, "Barry, when you're in business you're going to meet a lot of people. When you do, treat them with kindness and understanding and respect because as you walk down the path of life, the dust that you stir up will fall on others, and they're never going to forget."

Now that you're getting settled in Congress, what do you think of the seniority system where most of the committee chairmen are anywhere from 20 to 50 years older than you? Does this disturb you?

No, not really. There can be a very natural frustration which I don't feel right now because I'm so new. But I'm sure, as time goes by, when there are very burning issues or problems which I'm trying to solve, I will run up against the seniority system. At that time it's going to be difficult to understand it.

However, I have tremendous respect for the Congressional system. I think the institution of seniority is a good one. While we need the energy and the drive and the imagination of youth in Congress, we also need the wisdom of such experienced men as House Republican leader Jerry Ford, Senate Republican Leader Everett Dirksen and Speaker of the House John McCormack.

Most young men your age seem to be more liberal than you are.

Do you feel out of step with them?

I don't really believe most young people today are more liberal than I. Too often we bandy these terms around without defining what we mean. What you might call liberalism today was conservatism four years ago.

Liberal philosophies tend to fluctuate. They have no solid footing, and tend to be only what the speaker contrives them to be.

Conservatives, using the basic philosophy of history as a guideline for solutions for the future, really have their feet solidly on the ground. Conservatives have history to back them up.

America's youth does not want to be a cog in the huge wheel of society. They want to be treated as individuals. They dislike big government. They believe that they, as individuals, should be able to establish their own destinies and that an omnipotent government does not have that right. I agree with them.

These desires of America's responsible youth must be listened to, but at the same time those revolutionaries on our campuses must be dealt with strongly.

You talk frequently about the "silent majority." What do you mean?

The silent majority is such people as the housewives, the shopkeepers, or professional people. It's also the students on campus who are there for an education and who do not really participate in the chaos. The great number of people who have yet to really put their foot down.

Is it time for the silent majority to speak up, and what should it say?

I definitely think so. Let's take the businessman, for example. I am utterly opposed to having the government attack inflation by attacking business. Inflation is basically caused by the irresponsibility of government spending and monetary practices. It's not all because business is spending money. It's not because the consumer is spending money.

In other words, let's go to the heart of the problem. What is needed are sound fiscal policies, and I think busi-

ness, indeed all Americans, should demand this and contribute to it.

In the case of students, the 99 per cent who are not really part of this militant group, but who have become unconscious participants, should speak up, and not go the way the militants go.

I tell students that the responsibility for stopping the rioting on the college campuses not only rests with mothers and fathers and school boards and regents, but that they have a responsibility also. They cry for more participation and yet a very small percentage turns out at the school elections.

I think those students who want an education and want a constructive change should stand up and say No to these militants. No to burning of schools, No to riots and kidnaping of teachers.

How do you feel about the war in Viet Nam?

I back President Nixon in what he's doing. Whether we should have gone in in the first place I don't know, but we have a right and a duty to be there. Whether to our present full commitment, I don't know.

But there is an inherent danger in too many people looking on Viet Nam as an isolated thing. We're fighting communism all over this world, and Viet Nam is just another open wound.

You have all these countries in Southeast Asia that are directly in line of the communist drive. We have to decide whether it's important for us to help maintain the freedom of millions of people over there.

Do you favor a professional Army?

Yes. It would accomplish tremendous savings in tax dollars, tremendous efficiency, and would be a more mobile, more effective, strike force with less troops.

Do you think there's hope for this younger generation?

Oh, yes, sure. I think oftentimes the American people, and especially the older people, magnify the problems that the young people are going through.

Throughout world history, young people have always been at the forefront of change. Somehow, everything works out all right.

END

**campus
outlook:
more
turmoil**

We can handle the militants, the armed forces say, and we won't use fool-around tactics

Student radicals who may be eyeing the armed services as a target for violent protest will come up against a firm no-nonsense stand—not the kid-glove treatment they enjoyed on many riot-seared college campuses.

The military services cannot—and will not—tolerate the destructive and obstructive tactics of the campus rebellion which now threaten American business and industry.

The Defense Department is anticipating trouble and the orders are out to move swiftly and firmly at the first sign of unlawful activity. Every major command, at home and abroad, has a blueprint for action.

Servicemen have been advised of their rights and at the same time reminded of their responsibilities and required obedience to authority.

Investigative units of the armed

services, as well as the FBI and local authorities, are maintaining close surveillance around military installations so as to move promptly at the first hint of disorder.

None of this is intended to infer, of course, that the military will come out sword-swinging. It wants no martyrs. Rather, it will take whatever steps are necessary to preserve order and to protect government property.

Not a campus

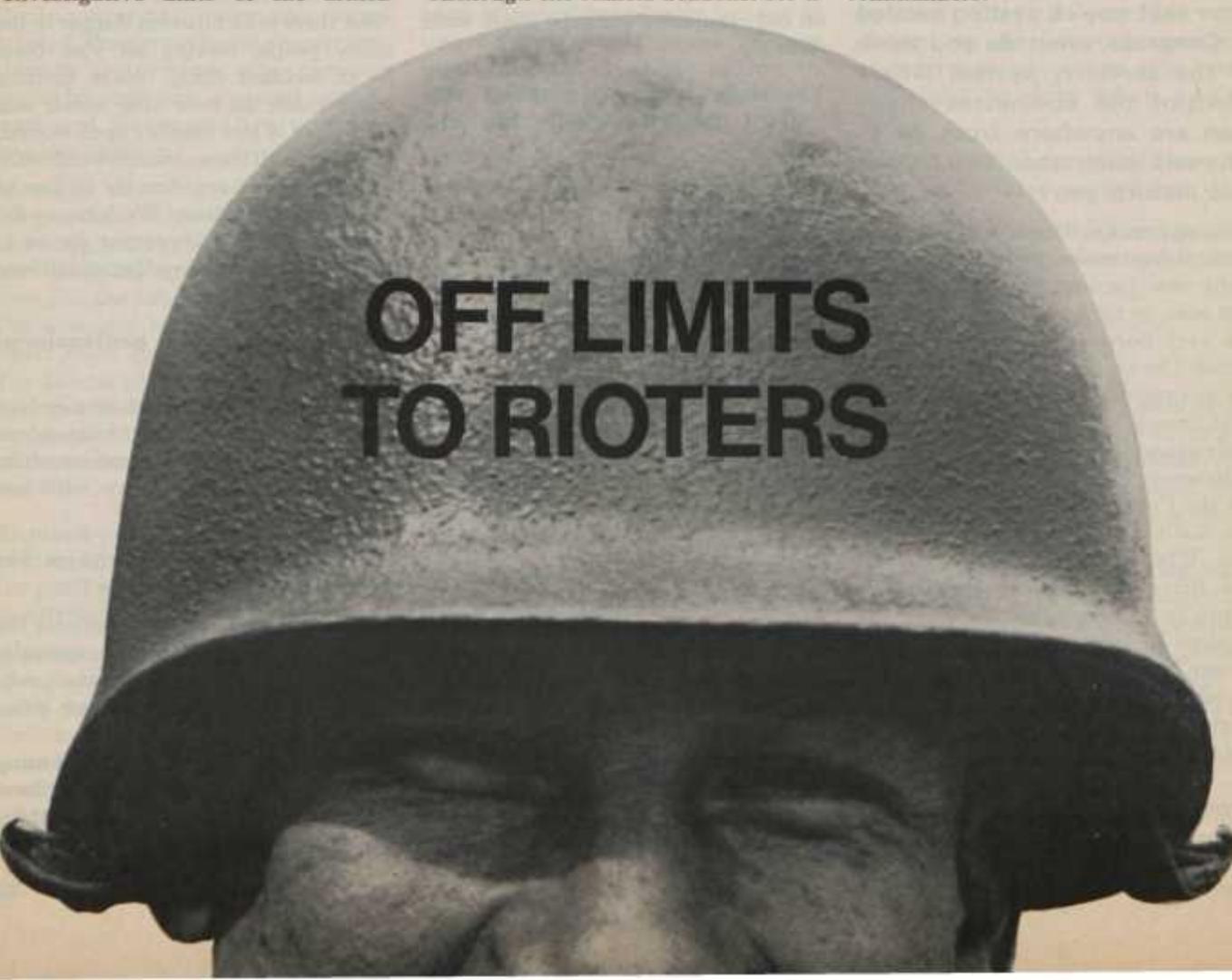
"It is not inconceivable that a group could come on a post or base and occupy an office," a Defense Department official says. "This is because most of our bases are open to the public. But from that point, all similarity to college campus activity ends."

Although the radical Students for a

Democratic Society convention in Chicago recently was rent by internal discord, there is no question that its more militant members still regard the armed services as a prime target.

Actually, however, the armed services are more concerned at this time with splinter groups of antiwar dissenters, uncoordinated attempts to "unionize" our fighting troops and a rash of underground newspapers than with SDS—which, for the time being at least, is not regarded as a national organization with the kind of muscle needed to take on the military.

"The war is unpopular," one Army official told *NATION'S BUSINESS*. "For that matter, all wars are unpopular to the man getting shot at. The kind of dissent that has cropped up in the last year is a real challenge to the commanders."



**OFF LIMITS
TO RIOTERS**

Particularly challenging is the dissenter in uniform, the new "GI activist" who is now considered only an irritant, but who could quickly become a disruptive threat to troop morale.

Most of these activists are enlistees and most of their leaders are college-trained. A Pentagon official expresses concern:

"With some 30,000 college-trained young men scheduled to enter the armed forces this year the big question mark is what will their impact be on servicemen in general. Many of them, you see, have been exposed to the SDS and the causes it embraces."

The feedback reaching the Pentagon from colleges and universities with ROTC units is disturbing. An ROTC commander at a major West Coast institution reported:

"Seventy-five per cent of the people here spit on or at us and the other 25 per cent couldn't care less."

Until now, the most noticeable effect of SDS pressure has been on Defense Department research and development work on the college campuses. Some university administrators have already bowed to SDS demands and canceled research contracts. This is viewed by some Pentagon officials as more menacing than a direct assault by student radicals on a military installation.

Around military bases and posts the Student Mobilization Committee to End the War in Viet Nam, the American Serviceman's Union, the Young Socialist Alliance, and splinter groups have been visibly active.

Army the target

The real target of the dissident groups is the Army which depends more on draftees than the other services whose ranks are generally filled with volunteers. Still, efforts at undermining morale are also directed at young men and women in the Air Force, Navy and Marines.

"We sure as hell wouldn't put up with what they did at Harvard," says one Navy officer. "But you can't ignore the SDS and these other dissenters. You have to think ahead of them."

This thinking ahead is standard operating procedure in all the uniformed services. The emphasis is on control at the base level. In May, the Army issued a "Guidance on Dissent" to all of its major commands with instructions for base officials to work out a plan of action within the framework of the over-all legal requirements for maintaining peace and order on a military installation.

Within the month the plan was put to test at Ft. Meade, Md., when antiwar protestors demanded to be allowed to pass out antimilitary leaflets on the post. The Ft. Meade commander invited them on the post and designated an area in which to pass out their literature. All went peacefully. Beyond curiosity, the soldiers who were attracted seemed to display no other interest.

"The issue is free speech," according to a Pentagon legal officer. "Some posts—but not all—are open to the public. In an open post, commanders may not rule out such assemblies or nonmilitary activity unless these would interfere with the accomplishment of the mission or adversely affect discipline."

"Distribution of leaflets, as at Ft. Meade, seems permissible so long as it does not interfere. And further, commanders can exercise control as to time, place and method of the activity."

While most military installations are open to the public, they can be closed immediately by the commander. There would not be legal delays such as plague college officials.

In a recent issue of *Army Digest*, soldiers were reminded that freedom in the Army is different from freedom in civilian life:

"The freedoms are not denied and they are not restricted any further than necessary. But the soldier is disciplined. A military organization must maintain discipline to function."

The soldier's rights

Just what are these military freedoms? A soldier can argue in private conversations apart from his military job about the rights and wrongs of

politics. But the Army draws the line when the exercise of rights interferes with the performance of military duty or the loyalty, discipline and morale of fellow soldiers.

Punishment of dissenters in uniform would depend on the degree of violation of the Code of Military Justice. Ordinarily, it would range from a reprimand to a special court-martial sentence of up to six months' imprisonment, forfeiture of two-thirds of pay during imprisonment, and reduction in rank.

The kind of dissent currently going on around military installations is manageable, Defense officials think, and new laws are not needed.

"We have reviewed all our policies and have come to the conclusion that the commanders in the field have sufficient authority to handle any problem," an Army spokesman explains. "They are well informed on the local situation and capable."

If the student militants decide, say, to occupy a post commander's office instead of taking over a dean's office, this is what could happen:

As civilians, they could be removed "pursuant to the broad authority that military commanders possess to take necessary and appropriate action to preserve good order on their posts, and of course, to protect government property."

This could be accomplished by military personnel. But, unless the takeover is serious, it probably would be handled by local civil authorities.

In any event, ejection from a military installation would be immediate. Persons who invade military property, are ejected for breaking the law or violating military regulations and then return face a maximum fine of \$500 and six months' imprisonment.

"The complexion has changed in the last year," an Army officer says. "Our thinking is readjusting. Before, all men in uniform were of one mind. Today, we recognize that there are groups actively trying to see how many of our young soldiers they can influence. It is a test of strength, both of the Army and of young Americans."

END



business: a look ahead

AGRICULTURE

New type of product under development offers processing market for major apple variety now mainly limited to fresh sales.

Agricultural Research Service scientists report development of multipurpose sauce made from Golden Delicious apples, with advantage of resistance to spoilage. (No refrigeration needed.)

At least one major processor has examined prospects for product, paid for consultant study that predicted extremely profitable outlook. For growers this would mean outlet for apples that don't sell fresh.

Sauce can be colored and flavored orange, mint or tomato for use with various types of meats. Also apple.

CONSTRUCTION

New construction technique produces claims of economies and suitability for both on-site and assembly line production.

It involves reinforcing concrete with tiny steel fibers rather than rods for slab-on-grade pouring or production of panels and more complex prefabricated components.

Technique was developed by agricultural researchers seeking cheaper ways to put up farm structures. They experimented with steel fibers two inches long, of diameter

like pencil lead, and produced inch-thick panels said to be suitable for housing.

It's claimed some applications would reduce materials use, labor costs and transportation. Developers also believe application could extend to prefab housing, with precasting of utility cores such as kitchen and bathroom units.

If so, technique would reinforce trend toward manufactured housing, major goal of government and some private builders.

CREDIT AND FINANCE

Administration's long-term, "gradualist" attack on inflation needn't mean continuing record-high interest rates.

So says Dr. A. James Meigs, a vice president of New York's First National City Bank, in statement on monetary and fiscal outlook.

President Nixon has declared lead time of several months is necessary before spending curbs, tax surcharge extension and high interest take effect in slowing economy.

Dr. Meigs agrees that current policies will be successful in curbing inflation and that they've already slowed government growth rate and consumer spending.

"Anti-inflationary policies do not mean that interest rates must remain as high as they are now, either," he adds. "Rates are high partly because of inflationary expectations. As growth of economic activity slows in the second half of this year, therefore, we should expect interest rates to decline."

FOREIGN TRADE

American wheat growers face prospect of declining exports in years just ahead.

Government publications indicate India, Pakistan are among countries expected to reach self-sufficiency in next few years in food grains. Turkey is making great strides in wheat and the Philippines in rice. Iran, a former importer, now exports wheat.

Thus E. L. Hatcher, president of National Association of Wheat Growers, says wheat exports this year may be 100 million bushels below last year.

So Association calls for shift in U. S. aid policies with goal of increasing ability of people to pay for food in importing countries.

MANUFACTURING

Rented clothes for the millions?

That's the trend.

And not just in industry, where employer-supplied uniforms are increasingly called for in union contracts as a substantial fringe benefit.

Employer provision of uniforms and "career clothes" has expanded beyond service field and taken hold increasingly in

other areas of business where high style is the demand. Impressive industry growth is foreseen by Work Wear Corp. of Cleveland, nation's largest producer of such clothes and facilities to clean them.

Leighton Rosenthal, Work Wear president, predicts that within seven years, a full third of the U. S. work force will be wearing rented clothing.

MARKETING

There's connection between "cluster" housing and wood promotion. Here's how it works:

Clustering represents attempts by builders to get away from uniform, rigid lot sizes for homes. They substitute small lots with shape depending on topography and with open space accessible to all in their developments.

Advantages include lower land costs per home, diversity of appearance, reduced ground maintenance.

On basis of consumer and builder preference surveys, American Wood Council is launching efforts in Kansas City, Omaha

and three other cities to promote cluster development. Reasons include market access to home building in \$25,000-\$30,000 range, and promotional value of being identified with attempts, well publicized in news media, to apply innovation in search for better homes.

Market surveys also identified two other targets for Wood Council's promotion program: Single family homes in the \$35,000-and-up range, where buyers have option to specify wood interior and exterior features, and garden-type apartments, where Council sees trend toward use of wood to provide more resemblance to private homes.

NATURAL RESOURCES

Navy's underseas program includes many activities with potential payoff in know-how industry can use in exploiting ocean resources.

Of course, Navy efforts are aimed at defense, including protection of Polaris missile deterrent, all the more urgent in view of Russia's vast increases in oceanographic, conventional navy and merchant marine fleets.

But technology involves elements of universal application, such as communications, energy sources, underwater search and salvage, and construction.

These, like military and space program fallout, can be expected to affect civilian activities. Commission of Marine Science, Engineering and Resources notes:

"As the uses of the sea multiply, the Navy's defense mission will be complicated by the presence of structures, vehicles and men. The resulting problems can be resolved only by the closest cooperation between civilian and military users of the sea."

"Further, military and civil science and technology for undersea operations can and should be mutually supporting, emphasizing the need for cooperative action."

TRANSPORTATION

Aircraft noise problems causing public outcry among neighbors of metropolitan airports also increasingly confront smaller general aviation fields.

F. Russell Hoyt, executive vice president of American Association of Airport Executives, says increasing use of jets by general aviation makes public acceptance a problem even in areas where public authorities have ample funds to build or expand airports.

Bulk of general aviation airports are privately owned, and are caught in two-

way squeeze between rising taxes and lack of power to zone for expansion.

Part of problem, says Mr. Hoyt, is public's concept of general aviation as a bunch of rich playboys doing snap rolls on Sunday afternoons. Hence efforts are under way to highlight general aviation's role in economy.

Aerospace Industries Association's Utility Airplane Council issued consultant study earlier this year indicating vast increases in fleet, passengers and cargo carried, and in general economic impact, through 1980.



LESSONS
OF
LEADERSHIP
PART LI

Harvey S. Firestone Jr.

**“Today is the first day
of the rest of your life”**

Harvey S. Firestone Jr. learned an important lesson of life as a young man sitting around a campfire with famed inventor Thomas A. Edison.

“I learned that great men are simple men,” he says.

That’s a lesson he never forgot in the 50 fascinating years he spent with the Firestone Tire & Rubber Co., founded by his father. During those years, the company grew from a single plant in Akron, Ohio, to a globe-girdling industrial giant producing 40,000 different articles in 115 plants and doing an annual business volume of more than \$2 billion.

Elected a director in 1919, Mr. Firestone retired from the board this year. He served as vice president for 12 years, president for six years (two of them as chief executive officer), chairman for 18 years (15 of them as chief executive officer), and honorary chairman for two years.

Few figures in American industry have seen growth and change as has this eldest of the five boys of tire magnate Harvey S. Firestone. As a child, Harvey Jr. turned on the steam valves that put the company in business making tires in Akron and as a

young man he scouted the world for rubber growing sites that would make the company independent of the British rubber cartel.

A naval aviator in World War I, a hard-riding No. 1 on the Firestone brothers polo team, Mr. Firestone, now 71, has combined business and community service. The long-time national chairman of the United Service Organizations feels keenly that industry has a responsibility not just to manufacture a product, but to help people. In this interview with a NATION'S BUSINESS editor, Mr. Firestone looks back at his long career with philosophy and with humor.

When you were growing up, did you and your brothers feel any special responsibilities because you were the Firestone children?

Well, I think so. I can't answer for them, naturally. As for myself, yes. I did. I had a pretty high target to shoot at, but I wanted to try to hit the bull's-eye if I could.

Did you ever think about any other career?

No, I never did. I never even went

through the phase of whether you want to become a policeman or a motorman.

Did your father ever urge you to take on any duties just because you were a Firestone?

No. I don't even remember Father doing any urging in that respect. I think he felt that if I wanted to take something on, he would give me all the help he could.

And he did indeed.

I remember after I had been in the company about a year, he put me at the head of the Firestone Steel Products Co. Well, I didn't know a rim from a rivet, but I was still the boss.

That kind of got a little under my hide. I couldn't stand the sort of artificial respect that I was getting as the boss, because they knew darn well that I didn't know anything about a rim.

So I decided I was going to really find out how a rim was made and what it was all about. I'd get out to work at 6 in the morning and gradually that artificial stuff was gone. I was accepted as one of the group

Harvey S. Firestone Jr. *continued*

that knew what a rim was supposed to do.

Why did Akron become the tire capital of the world, anyway?

Well, my understanding is that Dr. B. F. Goodrich, who had operated a rubber plant in the East, moved to Akron in 1890 as the population of the U. S. moved westward and he chose Akron because of the favorable transportation facilities—the railroad and the Ohio Canal. After his successful start and as the demand for rubber tires grew, other companies started up here. Basically there was a good labor supply in Akron, skilled in working with rubber.

You became an aviator in college?

Yes. I was fascinated with aviation. There was a small outfit, a private school, that had a couple of JN4's. You are too young to remember them.

Jennies?

Yes, Jennies. They were quite a machine. I got a pilot's license, an international one, from *Federation Aeronautique Internationale*.

You were a naval aviator in World War I?

Yes, though I didn't have any active combat service. We went to Boston for training school. I remember it was an old bowling alley and that was my first experience in drawing a triple deck bed. Being a little fellow, I always got the top one.

As a young man, didn't you go camping with Henry Ford, Thomas Edison and your father?

That was a very unique experience for me, a really wonderful thing.

After we pitched camp in the evening, we would all sit around the campfire. As the hour grew late and the others drifted off to their tents, I would often be left alone with Mr. Edison, who did not seem to require as much sleep as the others. Lingered in front of the failing fire, I knew I was in the presence of a very great man.

Mr. Edison knew just about everything about everything. He could talk on almost any subject with a knowledge that was substantial and wide-ranging. He was a great man, really concerned about his fellow man, and a great storyteller. He would tell some wonderful stories.



Legendary figures in America's industrial age examine an old gristmill on a camping trip in West Virginia in 1918. Famed inventor Thomas A. Edison (far left) stands next to Harvey S. Firestone Jr.; naturalist John Burroughs and Henry Ford sit on the mill wheel next to Harvey S. Firestone Sr. Prof. R. J. H. de Loach is seated below.

But in looking back, what I really got out of it was that I learned at a very early age that the great men like Mr. Edison were simple men, just as simple as can be. This made a very lasting impression on me and I noticed in later years that it was almost always true.

And this is equally true today?

Absolutely. The really great people are very simple people.

Are you also saying a man should be himself?

Always. If you start trying to be—to put it crudely—a phony, then you are definitely on the wrong track, and heading in the wrong direction.

At a very early age you became sort of the foreign expert for Firestone.

Yes. The British had a monopoly on natural rubber and Father decided we'd better not be completely at the mercy of that cartel. He thought Americans should produce their own rubber and he sent me around the world. He said if we were going to do it, where should we do it? And that was a first class assignment. I went to Malaya, Sumatra, Java, Borneo,

the Philippines and Liberia. But after looking them all over, I felt sure Liberia was the place. It had natural advantages of soil and climate. The labor supply was plentiful, willing to work and friendly.

I remember going to Liberia, and taking Mrs. Firestone with me. We had about 10,000 workers from the interior, mostly tribal people, cutting down the jungle and our supervisor had lined them all up on both sides of a certain trail. When Mrs. Firestone and I walked down the middle of this line, they just burst out in the loudest giggles you ever heard, which was their way of expressing amazement.

I supposed they expected somebody six feet four and they only got five feet four. And then Mrs. Firestone is very blonde and I don't think many of them had seen a white woman before, and certainly not a blonde white woman.

Your company's relationship with Liberia has been unique.

Extremely good because our being in there has worked both ways. It's much improved their standard of living, their economy. We didn't intend to be just a corporation having a

plantation there. We wanted anybody who wanted to have a rubber farm to have one. We would supply the latest type of planting material free and they could make their own rubber farm and we would take the rubber they produced and get it to market for them.

What was the next step?

It seemed to me that if we were going to expand in a very big way it was important that we get into overseas operations. I suggested to Father we put a plant in England. That was the start. We have now 115 plants around the world, 56 of them in this country.

In 1946 you said if there was a way to distribute the good things of life to the people in countries that have substandard living it would create a market of size and permanence that would far exceed any backlog such as after World War II. Has this come to pass?

Oh, no. I think we are making progress, but we certainly haven't reached the ultimate in that. Liberia is an example. When I went there in the 20's, I think there were three automobiles and one muddy main street in Monrovia, the capital city. Now cars and roads are plentiful.

It will be a long time—and you and I won't see it—but I believe in that line by Browning: "Your reach should exceed your grasp." That's a big job that we aren't going to make this year or next year, but it's something to shoot at.

Didn't you try growing rubber in Florida with Mr. Edison?

Oh yes, that was an interesting period. Mr. Edison, at one point in his distinguished career, turned botanist and was convinced rubber could be grown in the United States. He tested hundreds of different plants in his Florida gardens and eventually decided on goldenrod. By cross-breeding, he produced a strain with satisfactory rubber-like latex content, but its quality wasn't good, and its cost of extraction was too high. Mr. Edison proved it could be done, but it wasn't commercial.

In the early days, you had to try to promote road transportation as much as anything, didn't you?

Yes, the transportation industry and good roads went hand in hand. The growth of the trucking industry started after World War I. But to succeed it had to have good roads. My father was one of the pioneers in what they called the "good roads movement." He instigated national educational campaigns to alert manufacturers, consumers and the government to the benefits of good roads.

I remember very well in 1919 the government decided it wanted to take a motor convoy that had a full army battalion across the United States. They started out in Washington and one day stopped at our farm down in Columbiana, Ohio, for a chicken dinner. That was the first time I met Dwight D. Eisenhower, then a young lieutenant colonel. We became good friends.

That motor transport convoy was successful and really started a public awareness of what roads would do. I guess they had a tough time getting to San Francisco, but they were prepared for it. They were ready to build bridges or shovel mud or anything.

You use the Indianapolis "500" race as a laboratory, too?

The speedway has been used as a laboratory for tire testing—not only racing tires, but every other type of tire as well—for 60 years. Over the years racing speeds increased, and more and more was demanded of the tires. The speedway as a research laboratory has paid off. From racing tests came successful proof of such developments as gum-dipped tire cord, the low pressure balloon tire and the wide oval tire.

And you came to know the early speed daredevils?

Oh yes, there was Barney Oldfield with that big cigar which was his trademark. I don't know whether he slept with that cigar or not, but it's possible. Three-time winners like Mauri Rose, Wilbur Shaw and Louis Meyer were good friends as was Pete DePaolo, who was the first Indy driver to break the 100 m.p.h. average speed for the 500 miles.

Of the many innovations by Firestone, does any one stand out?

I suppose the step from solid tires to pneumatics was one of the first big steps. But through the years Firestone developed many "firsts" in the

tire industry. The move from the old high-pressure narrow tires to the low-pressure balloon tire was a major step forward. In recent years there have been the tubeless tire, the wide oval and now our LXX, a completely new tire and wheel concept. It is all a matter of constant progress and development. Each innovation in its time is a major one.

What about farm tires?

In 1932 there were about a million farm tractors in use—all on steel wheels. The pounding and vibration left the driver exhausted at the end of a day's work, jarred the mechanism out of place, and consumed fuel at an excessive rate. My father, who had grown up on a farm, started his campaign to "put the farm on rubber." We tested a low-pressure tire on a tractor and the results were spectacular. We then developed a special farm tire, and now I suppose 99 per cent of all farm implements are on rubber.

Didn't you operate a farm service bureau to help farmers improve agriculture?

Yes, after development of the farm tire, we started a noonday radio program to establish a closer relationship with farmers. This brought so many inquiries that the Firestone Farm Service Bureau was set up as an authoritative source of agricultural information. My father often took us to the farm in Columbiana, where he had been born and brought up. The times my brothers and I spent with him at the Firestone Homestead farm helped us realize the basic importance land and the farm have in the development of our country, and in the building of the right foundation for sound manhood.

People say business needs to be involved in solving socio-economic problems. Do you agree?

I think a manufacturer has a much greater responsibility than just turning out a good product. There are many facets to that responsibility. I have always felt, and Father did too, that you owe a great deal to your fellow man because what you can do by yourself is nothing particularly important, but what you can help others to do is very important. People must be motivated—they must want to

Harvey S. Firestone Jr. *continued*

help themselves and not depend entirely on someone else. This is one of the foundations of our economic system.

Father felt strongly about human relations and in 1916 developed a 1,000-acre community with homes, schools, churches and shopping areas, called Firestone Park, where our people could live in pleasant, neighborly surroundings. My brothers and I have tried to carry on these solid human relationships which I believe are vital in any business enterprise.

I've had many civic, religious, educational and humanitarian interests over the years. For example, when John D. Rockefeller Jr., started the USO, he asked me to come along and I did, and it has been a very rewarding experience for me to have been a volunteer in this organization since its founding in 1941 and to have served as its national chairman for the past 18 years. I know what it means for those boys in uniform out there in the boondocks. It isn't a very pleasant life, and the USO clubs are a home away from home and take some of the loneliness away.

You have said in America we pay heed to human values. What did you mean?

I think we believe more than in many other places in the world in the dignity of the individual. It is the individual that counts, and not the mass of people all of the time.

You've also said the secret of Firestone is in its people.

Well, you can't exaggerate that. It is so true. I felt that even when I was in college. When I got out I said to Father, "I know there are a lot of young men here who aren't quite sure what they want to do. They are very smart, able fellows but they haven't found what they would like to do. I think if we started a training class where they could find out in depth about our business they would make a pool of potential management. The company can only grow as big and useful as its management is." It has worked out quite well that way. Some of our top executives started in our training classes.

A good many people remember your talks on radio a number of years ago



Officers in charge of the Army's first cross-country motor tour were entertained at the Firestone country home in 1919 and a friendship was formed between Harvey Firestone Jr. (standing second from left) and Dwight D. Eisenhower (standing far right), then holding his World War I rank of lieutenant colonel. Three decades later they recalled this meeting at a New York dinner, with Ike a five-star general.



*To Harry Firestone, Jr.
With his wife and happy anniversary
of the beginning of our friendship, in 1919
December 3, 1950
Dwight D. Eisenhower.*

on the Voice of Firestone about the romance and drama of the rubber industry.

I can tell you I can never forget it. I would leave Akron every Sunday night by train—on the old Akronite—and I can assure you one's liver was well jounced up by morning. Monday night we would have an 8:30 broadcast and we had to do it all over again for the West Coast at 11:30.

The next day I would come back to Akron and try to do a week's work. I did that for 104 straight weeks and I think I lost some interest in railroading.

Do you feel the romance and drama is still there?

You mean for the future? Oh, I certainly do. In looking ahead to the next hundred years, we really should pause to think about what has hap-

pened in less than the last hundred years. Just think that before this relatively short period of time these words were unknown or just fanciful:

Automobile, electric light, phonograph, radio, telephone, television, aircraft, helicopters, automation, antibiotics, computerization, Salk vaccine, electronics, food concentrates, radar, submarine, synthetics, transistor, outer space, uranium and landing on the moon.

Just think of the many other benefits to mankind that have evolved from these discoveries. So in looking in the future, the sky is the limit. Things you can't now think of will come.

What do you see in the future for U. S. business in global markets?

I think prospects are very great.

There are some who say more protective legislation is needed.

Fundamentally, I believe that "free trade" is the soundest economic policy for this country. The United States historically has been a great exporting country, and this has contributed substantially to our industrial growth and strength. It is basically unsound to think that any country can set up tariff barriers against other countries' products, and at the same time expect to trade freely with its own products in the markets of these same countries.

In 1945 you told a sales meeting, "We will manufacture anything you can sell." Did you have any doubts about postwar growth?

I am a great believer in accentuating the positive and playing down the negative, so I don't spend much time with doubts. I will say this, I naturally looked forward to the time when we would cover a wider range, and we have.

Growth is very stimulating.

You manufacture about 40,000 different products, don't you?

Yes, and if you have another one, we'd like to take a look at it, too.

You're saying here that a business can't stand still?

You can't stand still, that I am sure of. If you go static, you are finished. You either go forward or backward.



The USO paid tribute to its national chairman, Harvey S. Firestone Jr., this year with its annual award. Gen. Emmett "Rosy" O'Donnell Jr. (ret.), president of the organization, presented the plaque as Semon E. "Bunkie" Knudsen, president of the Ford Motor Co. (left), and Edward N. Cole, president of General Motors Corp., look on.

Is there as much opportunity today for a young man?

I think the opportunities are even greater because we have a broader base to work from now than we had a hundred years ago.

What was the hardest decision you ever had to make as an executive?

Each one I made—at the time I made it.

How do you make a decision?

Well, many factors must be considered, such as economic soundness, impact on others, the recommendations of others, potential for growth, cost in relation to value, possibilities for increased employment, and—in the case of a plant—favorable acceptance by the community in which it will be located.

On occasion an ultimate decision must be made by yourself alone, but usually it is the result of teamwork.

What do you see as the biggest challenge for an executive?

There probably are many things, but the first thing you have to be is sincere. You have to have the respect and confidence of others who work for you and you only gain that by an example of hard work, and your ability to make right decisions.

In your book "Man on the Move," you said the essence of the transportation story was that those who dreamed and those who dared have together made this a better, richer and happier world. Are there still frontiers for the dreamer and the doer?

Sure. Look at every one of that long list of what we have had in the last hundred years. Usually the fellow that got it going was told by everybody it can't be done. So he's the fellow who breaks through that barrier, who gets it done.

You obviously have a great zest for life.

You know, my favorite slogan is, "Today is the first day of the rest of your life." So it's no use fussing about the past because you can't do anything about it. But you have today, and today is when everything that's going to happen from now on begins.

END

REPRINTS of "Lessons of Leadership: Part LI—Harvey S. Firestone Jr." may be obtained from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Price: 1 to 49 copies, 35 cents each; 50 to 99, 30 cents each; 100 to 999, 17 cents each; 1,000 or more, 14 cents each. Please enclose remittance with order.

The Curse of Crash Education

States and cities complain bitterly that a costly federal program to upgrade schooling for the poor is awash in a sea of haste and waste

If reports from states and cities are a benchmark, the federal government's multibillion dollar campaign to sharply improve education for the children of the city ghetto and the rural poverty pocket needs vast overhauling.

It's a noble idea that has bogged down in a mass of waste and haste.

"Programs have been piecemeal, fragmentary and ill-planned," complained Texas education officials in reviewing the spending of \$200 million for the educationally deprived in their state from 1966 to 1968.

"Objectives have been piecemeal, fragmentary and ill-planned . . . duplications of effort are being exerted by local, state and federal funding agencies without attempt at coordination."

Commented District of Columbia officials in a report on what has been happening in their jurisdiction: "No evidence was found that any major

changes in aptitude or achievement test scores were associated with any of the . . . school programs."

And New York officials said: "In general, there was failure to recognize the intent and philosophy of the legislation."

Authorization to meet "the special educational needs of educationally deprived children" under Title I of the Elementary and Secondary Education Act is the cornerstone of the vast project they were talking about.

Lyndon Johnson, who signed the Act in a one-room Texas schoolhouse on April 11, 1965, hailed it as the "most creative legislation passed by Congress since I came to Washington."

A former teacher himself, President Johnson hoped schools would become institutions for social change in his Great Society, helping to eliminate poverty and aiding the disadvantaged.

Zipped through Congress in three months, the Act was the first great federal foray into public and private elementary education.

\$3 billion so far

Few people question the wisdom of investing more money in aid of Amer-

ican education, especially for programs aimed at the disadvantaged. But many now are questioning the quality of the job being done with a vast sum—nearly \$3 billion so far.

Educators have complained bitterly about going ahead with a crash program, ill-thought out and patchwork-implemented.

With extension of the Act now before Congress, many cry for a hard look at what has or has not been accomplished, and for some better administration.

What really has been accomplished is hard to pinpoint.

The Act called for unprecedented evaluation of poverty education programs by states, cities, the Office of Education and the National Advisory Council on Education.

And a harsh indictment has come in the resulting reports by the cities and states which have poured into the Office of Education. There have been comments such as:

- "Reading achievement levels of disadvantaged readers were no higher after one or two years of participating in Title I programs than achievement levels that would have been expected for the same grade levels without them." (From Nebraska officials.)

R. C. OREM, author of this article, is an educational consultant to the Washington, D.C., School of Psychiatry. He is a teacher and the author of numerous books on education. Material in this article will appear in expanded form in a book, "The Curse of Crash Education."



The Curse of Crash Education *continued*

- "Generally speaking, the results were not what had been anticipated. . . . In isolated cases significant gains were obtained but in the large majority, changes were not significant. In some cases post-test results were even found to be significant in the wrong direction." (From Pontiac, Mich.)
- "One problem is that Title I programs have created a 'brain drain' from the classroom. Too often one of the most capable teachers is named project coordinator or cultural coordinator. Thus, when an excellent teacher is removed from the classroom, the good that he does in Title I is offset by the less effective work then being done in the classroom he left." (From Newark, N. J.)

Aiding the wrong students

The National Advisory Council criticized the program for failure "to identify and attract the most seriously disadvantaged children" while in the continuing confusion huge numbers of nondeprived students have been enrolled.

In one school system alone, it reported, "almost seven and a half

times more children (over 300,000) were enrolled in Title I activities than were listed as eligible."

More than half of all Title I funds are spent for instructional activities, largely remedial reading. But these reading efforts, costing an estimated \$1 billion over three years, often have been a parody of sound educational practice and may have had as much negative as positive effect.

Nebraska officials reported: "Most schools used an elementary teacher with no special remedial training as their remedial reading teacher."

And Florida's latest evaluation report showed the relative performance of thousands of children on language, reading and arithmetic achievement tests declined after exposure to the "benefits" of Title I.

Of approximately 15,000 Florida third graders who took the Stanford Achievement Test, those scoring in the lowest quartile in reading increased from 44 per cent to 67 per cent, while those scoring in the highest quartile decreased from 18 per cent to 6 per cent.

These funds for the educationally

deprived also finance schools for unwed mothers, welfare services, recreation and a potpourri of other regular and summer term projects.

A far-afield trip

Field trips have ranged from a visit at the New York Giants professional football camp to a 28-day tour of the United States by a group of students from Idaho. "Consultants" have been hired from as far away as Leicestershire, England.

During the first year of the Act alone, more than \$200 million was spent for equipment and materials, much of which could not be delivered by swamped producers until after programs had ended. Reported Kansas officials:

"Without materials and specialized equipment the programs could not function as planned. . . . Some programs were practically unrecognizable when the state agency consultant made site visitation. Teachers had to improvise until the material arrived and in many instances the arrival was after the close of school."

A shortage of space and facilities has further crippled Title I programs. And despite critical construction needs of local school systems, the Office of Education has discouraged construction with these funds. Consequently, as Illinois authorities reported, "Title I activities . . . often forced . . . other classes into makeshift spaces such as Quonset huts, closets, engineering rooms."

The negative effects of Title I, tragically, have probably nullified whatever desirable results did occur. A Parsons, Kans., school official wrote: "Probably there has been as much good accidentally as there has been on purpose."

Minnesota education authorities said: "The most serious criticism of the projects may well be that they continue, even if in a more concentrated form or on a more individual



PHOTO: A. E. WOLLEY

Title I funds paid for a complete closed circuit television studio used by schools in Newburgh, N. Y.

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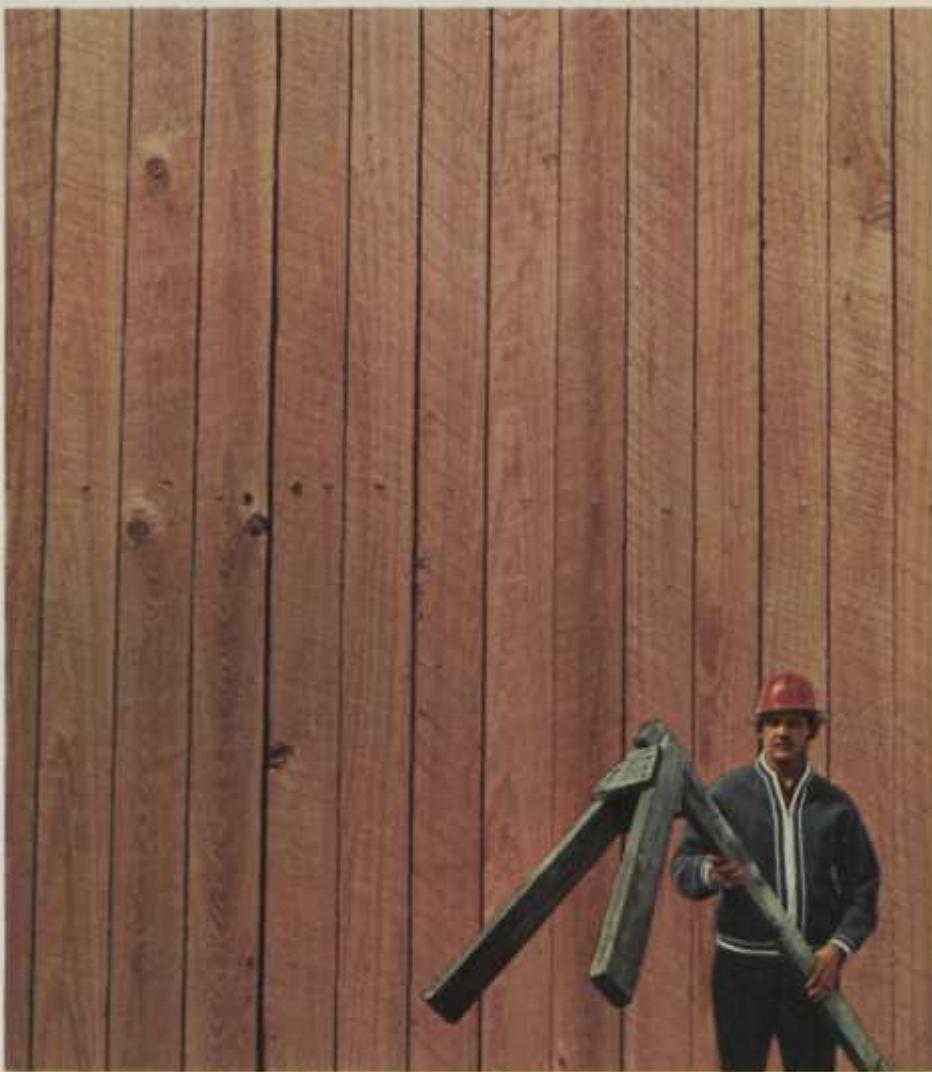
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The Curse of Crash Education *continued*

basis, the same type of educational programs and activities that produced the educationally disadvantaged child."

And a Kansas educator said: "Projects in some schools are doing irreparable damage to the ongoing regular programs."

A Title I provision that is causing consternation—and in some states, legal suits—has local educational agencies provide opportunities for participation of parochial and other nonpublic school children "to the extent consistent with the number of educationally deprived children who are enrolled in private elementary and secondary schools."

Wobbly guidelines

Both public and nonpublic educators have been confused by regulations and guidelines on this section.

But this confusion is negligible when compared to that caused by the provision which requires development of Title I programs in cooperation with Office of Economic Opportunity-sponsored Community Action Program agencies.

Educators generally listed in their reports these problems with the OEO agencies: Poor communication, overlapping and duplication of responsibilities, power struggles, red tape.

There has been widespread opposition among educators to community action agency involvement in education. The National Advisory Council reported: "This relationship has, in some cities, handicapped or delayed program initiative by local schools and given excessive authority to CAP agencies."

Said Florida officials: "The frustrations involved in this interagency planning approach were so disquieting at times that there was much question as to whether the benefits gained would offset the problems created."

And from Maine: "It appears to us that there is no necessity for legislation relating community action programs to Title I programs, since the CAP committee is not staffed to intelligently review a Title I project."

State after state bluntly blamed the U.S. Office of Education for chaotic administration of Title I programs, citing a shopping list of complaints on late and inadequate information,

fuzzy guidelines, policy conflicts and poor communications in general.

Better than never?

Complained one New Jersey official: "We have just about completed approval of projects for fiscal year 1967 and yet we received, in the past week, a draft of revised rules and regulations to be used for fiscal year 1967."

"The information on the forms is not adequate for providing the reality of project operation," reported Wisconsin officials, "and yet an offer of state assistance in application revision and coordination for the coming year was not well-received at the federal level."

Ohio officials complained: "Inadequate planning was apparent in that the evaluation format, neither in the initial stages nor in its final form, embodied a meaningful basis for evaluation."

Alaska officials blew up on 1968 evaluation procedures. "The administrative absurdity of asking new questions six weeks before the due date of a report should have been apparent. . . . Any first year business student could point out the administrative impossibility of ex-post facto questions."

Kentucky plaintively noted it had received a copy of "Questions to be Answered by State Elementary and Secondary Education Act Title I Evaluations" in April, 1968. Then it received a second, slightly different copy. And then a third, with more variations. Which was the final copy?

The matter of timing for receiving funds under the Act has been an area for particularly tart comment by state officials, whose reports bristled with frustrations: "A mad rush and poor use of funds throughout projects" (Arizona). "Much duplication of time and effort at both state and local levels" (Vermont). "Lack of efficient planning and effective use of money" (Lubbock, Texas).

Poverty education funds are allocated on a formula between urban and rural. Project cost in California, for example, ranges from \$252.67 for a single disadvantaged child in a one-room mountain school to over \$15 million for 50,000 children in the Los Angeles school district.

Yet, states such as Illinois have noted that in rural districts "time . . .

is squandered" attempting to meet guideline technicalities "which are meaningful only in large metropolitan areas."

Large city programs typically have been disorganized and diffuse. With an acute shortage of facilities, stair landings and corridors have become teaching areas. New Orleans reported that employing such heavily-traveled space for speech development "borders on the ridiculous."

Birmingham, Ala., cited problems of "insufficient supervisory staff" and Chicago noted a "critical" shortage of administrative personnel.

Without adequate leadership, project efforts are thinly spread, their effects frittered away. Destruction and theft of record players and other equipment plagues the programs.

Failure to properly diagnose student needs is almost universal. Attendance is irregular, with many dropping out altogether after the first few days.

Another \$1.2 billion

In spite of all the criticism, the House Committee on Education and Labor has recommended extension of the Elementary and Secondary Education Act, with \$1.2 billion to be spent for fiscal year 1970. The Committee contended Title I has been doing a successful job, reaching more than nine million students in 16,000 school districts. It did recommend strengthening evaluation reports at the state and local level, and establishment of state advisory councils.

By law, the Office of Education is supposed to give Congress an annual evaluation report on Title I programs. It hasn't yet delivered all of these reports and, in fact, it's still groping for a sensible evaluation format. The reports it has made have tended to be self-serving.

From studies of state reports, nearly 200 sources of trouble and tension within Title I have been identified. With the need so great to provide better education for the disadvantaged, it is essential that a critical look be taken at how these programs are working, and that some meaningful way of evaluating them be found.

If not, there will continue to be waste and haste, to the tragic detriment of those who most need help.

END



Sir Henry's Legacy

Class production brought success to an auto pioneer whose company-following his principles—still is flying high today

DERBY, England—An upholsterer goes over seven cowhides with a magnifying glass before selecting the leather for the interior of a Rolls-Royce auto.

A mechanic often test rides in the trunk of a newly created Rolls, listening with a stethoscope to check it out for rattles or squeaks.

And at the Rolls-Royce aircraft engine works if one nut or bolt in a lot of 50 is defective the whole lot is thrown away rather than take any chances on the others.

This, and much more, comes under the heading of quality control at Rolls-Royce, Ltd., a company superbly efficient even by standards of companies in America, where big and efficient and careful companies are commonplace.

After 64 years of building its reputation through rigid insistence on quality, Rolls-Royce has become a name that means the ultimate. A roadside sign in the Texas Panhandle typifies the Rolls' reputation.

It reads, "Joe's Shop. Our Hamburgers Are the Rolls-Royces of the Hamburger World."

To the average American, until recently, the Rolls name meant only fine autos costing at least \$19,000 each, which put them out of reach for anyone except potentates, royalty, movie stars, and the wealthy in general. Rolls cars always have been among the world's most expensive, priced higher than the Mercedes Benz 600's, which the Germans thought would top the market.

Americans now are coming to know this diversified British company as the maker also of fine aircraft engines, rocket and tank engines, ship and submarine power plants, turbines and many other quality products.

Last year Lockheed Aircraft Corp. of Burbank, Calif., selected the Rolls R.B. 211 three-shaft turbofan engine to power the new L-1011 tri-jet, which goes into passenger service beginning in 1971 for TWA, Delta, Eastern, Northeast, Air Canada and Air Jamaica. Early orders for the plane, not

Associate Editor Sterling G. Slapay visited Rolls-Royce plants and offices in London, Derby, Crewe, Willesden and New York in preparation for writing this article.

counting spare parts, totaled \$2.168 billion, which stands as the record amount for a commercial aircraft.

A rule of thumb is, engines represent one fifth the cost of a plane.

The old and the new

High finance, huge deals, international maneuvering and fierce competition are old hat to Rolls-Royce, which operates out of headquarters in this unlovely city in the Midlands, where the Industrial Revolution was born.

From their looks, large sections of Derby have made little progress since that revolution, but that doesn't apply to "Royce's"—which is what people here call the company.

The 88,000 employees who work at the Derby aircraft engine works, the auto plant at Crewe, or at plants in half a dozen other English cities and in Scotland and Northern Ireland, have equipment which is among the most modern in Europe. Their company's computer bank is the largest privately owned one outside the United States.

Rolls always has made a point of having new equipment to go along with advanced technological thought.

As a maker of aircraft engines, the company goes back 56 years.

After turning out hundreds of engines for the British flying corps in World War I, Rolls produced the engine which powered the Vickers-Vimy biplane flown nonstop from Newfoundland to Ireland in 1919 by Capt. Jack Alcock and Lt. Arthur Brown.

The most famous piston engine ever produced—the Merlin of World War II—was a Rolls product turned out both in Britain and the United States.

The Rolls plant at Derby was so important to Britain during the war that the government assigned every electronics engineer it could find to devise a way to distract German bombers.

Scientists and engineers succeeded. They managed to split the beam German bombers rode to their targets, and time after time the Germans unloaded bombs in open fields on either side of Derby.

Only one bomb ever hit the plant, and that did slight damage.

In 1958 the first commercial passen-

Sir Henry's Legacy *continued*

ger jet to fly the Atlantic, a Comet, was Rolls-powered.

Rolls engines are in the supersonic passenger plane, Concorde.

One hundred eighty airlines in 75 countries use Rolls engines. Twenty-five of these are U. S. lines. Sixty-four armed services in 48 countries are Rolls customers. Two hundred fifty companies, many of them American, use corporate jets with Rolls engines. Rolls Avon engines now supply power to turn New York and Boston electric utility generators during peak load periods.

Rolls has long associations, through cross licensing, swapping, joint ventures or supply, with such American companies as GM, Pratt and Whitney, Fairchild Hiller, Ling-Temco-Vought, North American Aviation, Grumman and Continental Motors Corp.

British unions are notable for calling strikes without very good reasons. Local labor leaders specialize in wildcat strikes.

Rolls has missed almost all of that nonsense. Since 1936 there have been only two serious walkouts and one was part of the nationwide strike of 1947 when practically every worker in Britain took his hat and went home, or to the pub.

To avoid trouble Rolls representatives meet monthly with labor leaders on a Joint Production Consultation Committee. Conditions and requirements are agreed to and work proceeds. The company also provides direct access to top ranked management for convenors, who are union men with problems to discuss.

With a more contented labor force, Rolls quality control inspectors—one is assigned to every six workers—find little to complain about.

Aircraft engines today make up the major portion of Rolls business, but once it was the auto which produced the revenue as well as the glamor.

Shades of Sir Henry

Sir Frederick Henry Royce was the man who began Rolls-Royce, Ltd. His ways of doing things were so important to the company that when he died in 1933, his ashes were put in an urn and mounted on a pedestal in the main company mechanics' shop in Derby—



A paint inspector hunts for blemishes and when he's finished another inspector comes along for another look—that's the story of Rolls quality control. Other workers make sure dashboard panel grains match, and wood from the tree used in the panel is filed in case any replacement is needed.



in hopes of keeping in the minds of employees the traditions he started. Several years ago, the urn was removed because of company expansion. The shop director who was instructed to remove it was aghast. "I don't know whether to call the mortician or the millright," he told a friend.

The overlapping "RR" monogram on the front of every hand-beaten Rolls radiator is done in black in memory of Sir Henry.

Until he died, the monogram was in red.

Sir Henry was an acknowledged genius of engine design. He was a perfectionist, too, and many of his ideas

are carried through today. Engineers point to the Rolls habit of always fastening metal together with a series of small nuts and bolts rather than with one or two large bolts.

Royce spent so much time and money getting things perfect that he nearly drove his colleagues mad. His company's directors sent him away from Derby at one point so they could get on with the work.

He first built a motorcar in 1904, while running a small crane company, but his obsession with perfection almost broke his company. It was a few months later that he teamed up with Charles Rolls, an aristocrat, racing



Sir Henry Royce (left) set the tone for Rolls-Royce, Ltd. He started the custom of listening to Rolls engines with a stethoscope to pick up the slightest knock.



PHOTO: MIKE ANDREW—BLACK STAR

driver, flier and salesman. Rolls was killed in a plane crash before the first World War.

Around Derby today old Royce sayings can still be heard:

"If we do it properly the first time we won't have to come back to it for years."

"The objective is to make the best motorcar we know how and make no compromises. If we don't do this, then it's not a Rolls-Royce."

"When I think an improvement is in a fit state to sell to our customers, we will sell it."

"We are engineers, not carpenters," he said in explaining why the company

would not build car bodies in the early days.

"Adequate," he used to answer when someone asked about horsepower of a Rolls.

"My greatest happiness is to be among machinery."

"Test a car to destruction," he always said when a new model came out.

"Whatever is rightly done, however humble, is noble."

French and German cars won the early races and rallies and they set styles—until Rolls began to compete. After that Rolls cars were the winners—in Europe, Africa, the Middle East, North America.

Rolls has never sold many cars, and volume in those days was only a few hundred. But the racing victories spurred demand, and a factory was set up in the United States. It was a total failure because Americans insisted they would buy only a "Derby Rolls," not an "American Rolls."

The early Silver Ghost Rolls was so popular that it was in production for 19 years, a production run longer than Henry Ford's Model T's.

Today, about 600 Rolls autos are exported to the United States every year and they go in a hurry. Another 1,500 are sold mostly in Britain, France, Australia, Switzerland and Italy.

Within two or three years Rolls will increase its auto production by 1,000. Four hundred more cars will be sold in the United States annually, and of these 90 will be designed to be chauffeur-driven.

Not just anyone can lay down in cash \$19,000 and upwards (it's pretty rare for someone to finance a Rolls) and the company is preparing for increased sales with surveys to find out who will buy a Rolls.

Its network of dealers has been extended with no trouble at all. New dealers say that just having a Rolls on a showroom floor adds tone to the place and besides, with increasing affluence, queries about Rolls-Royce cars are steadily increasing.

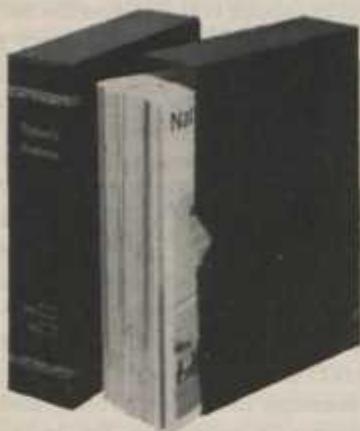
Rolls always has done a lively trade in custom building for its customers.

A Londoner had his Rolls fitted out so the interior looked like Marie Antoinette's boudoir. Lawrence of Arabia had a Rolls fleet which he used to dash guns and troops back and forth across the desert. Early in the first World War the British army bought all the Rolls autos it could lay hands on and turned them into the world's first armored cars. Indian potentates used elegant Rolls models for tiger hunts after adding gun mounts and searchlights. One wealthy Indian, the Nizam of Hyderabad, once had 50 Rolls cars.

More recently, a giant basketball player bought a convertible and had it remade so his seven-foot frame would fit in. No one else could reach the brakes.

Almost every Rolls is sold before it is launched on the assembly line and about the only way to buy one off a showroom floor is to accept any color or body. If selling a Rolls is so easy

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Sir Henry's Legacy *continued*

why doesn't the company make more cars? The answer from an official is, "As the level of world affluence increases, we will." Then he explains that finding suitable salesmen is a problem. "A special type chap is needed," he says, "a man who can represent a \$20,000 to \$32,000 motorcar rather than a \$2,500 auto."

Another reason Rolls doesn't make more cars may be that trade-ins are far from frequent. An owner sometimes keeps his car for two decades. Half of all the autos Rolls has made are still on the road.

Rolls claims that its automobile division turns a profit and that it does not maintain the division simply as a prestige earner. This claim is contested by auto production men who know the expensive lengths to which Rolls goes in maintaining quality.

The instrument panel, window casements and seat edges in each Rolls are made of Circassian walnut. Trees which grow in southeastern Europe are cut in half and the left side supplies the panel and fittings on the left of the car while the right side of the tree supplies the panel and fittings on the right.

Sections of the same tree are kept on file so that if the car is in a wreck the wood can be matched and matching repairs made.

Each engine runs for two hours on the test bed before it is mounted.

White coated inspectors and workers spend hours searching for uneven paint and places where pieces of metal do not come together precisely, or listening for the faint whisper of wind as it seeks its way past a window's edge which may be out of line by one thousandth of an inch.

From five to 14 coats of paint and sealing go on every car.

Many parts, such as fan belts, are duplicated so that if there is a failure the car will continue to operate. The braking system is triplicated.

A company subsidiary, H. J. Mulliner-Park Ward, will put a special body on a car for \$10,000 extra.

Every car gets 200 miles of road testing before Senior Quality Engineer Graham A. Lovatt takes it out him-

self. Until he approves, the car is not delivered.

"History" in the making

After a Rolls is sold, its "history book" goes along. Everything done to the car throughout its life is to be entered in the book. With the book a Rolls mechanic looks like an M.D. going over a patient's chart.

After extracting a princely price for a car, Rolls feels obligated to stand behind its product to the bitter end.

As has practically every other auto manufacturer, Rolls has now had to call back cars for modifications. Rolls notified 5,000 owners around the world in April to take their autos to franchised dealers for adjustment of steering lever setscrews.

A Rolls official was asked what would happen if a car broke down in the hills of Montana and local Rolls-Royce service was not available. "We would fly a new part and a Rolls mechanic to Montana to oversee the installation," the official fired back.

Two years ago a Texas oilman's son said the engine in his father's Rolls was rough. He tape recorded the sound. The company insisted nothing whatever was wrong, but a new engine was installed free.

Rolls bought out the Bentley automobile company in 1931, and, partly because of the popularity of the Bentley name, decided to continue turning out a product with "Bentley" stamped on it. Actually, Bentleys today are Rolls-Royces down to the finest detail with the exceptions of the distinctive Bentley radiator, hub caps, valve covers and insignia on the back—and the price. A Bentley costs a token \$200 less than a Rolls.

"Why go to all this trouble?" Rolls was asked. "Why not sell all Rolls cars under the Rolls name?"

"Because, sir," a Rolls official answered, "some people would feel slightly ostentatious riding about in a Rolls. They might not feel quite up to it. So we have the Bentley for people who would fear to ride about in a car like his lordship's."

"A rich butcher would feel much more at home in a Bentley." END

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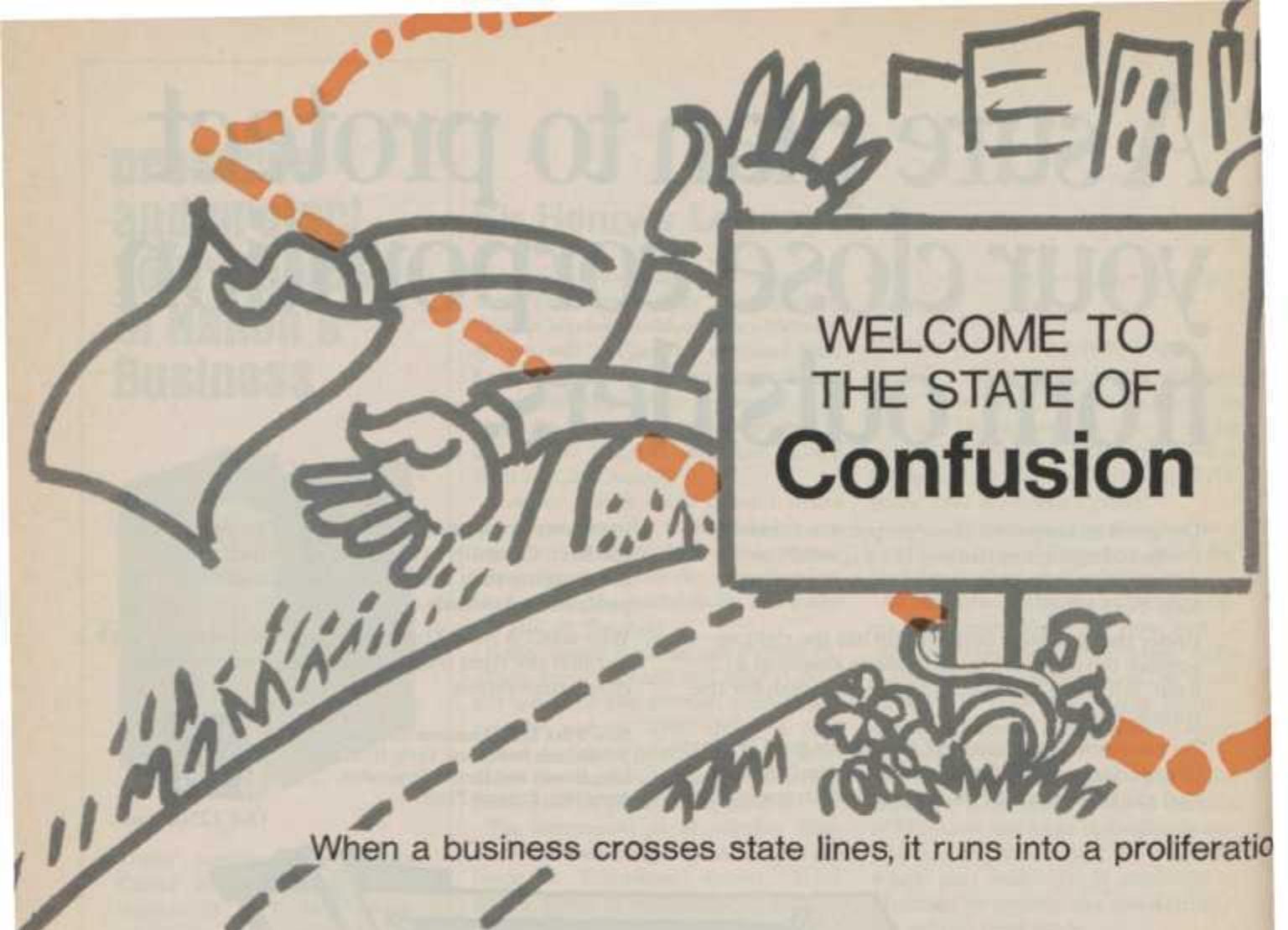
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When a business crosses state lines, it runs into a proliferation

The state and local tax returns one medium-size company has to file have jumped from 999 to 1,363 in four years.

Another company has seen the number of use tax returns required on its sales leap from 300 to 380, including such payments as 36 cents to one county, 53 cents to another, 20 cents to another.

"Where's it going to end?" lamented an executive of still another firm, who said more and more of his clerical force's time is being spent preparing tax returns for hundreds of state and local agencies across the country, with the company's cost per return often far more than the amount of tax paid.

Interstate taxation—the levying of multiple state and local taxes on companies doing business across state lines—is the focus of many a similar complaint.

The problem is as old as the nation and as new as the latest increase in what a corporation must collect in taxes on sales in a state a thousand miles from its plant.

Tax walls the individual states raised against each other in post-Revolution days threatened to balkanize a fledgling nation operating under the slack rein of the Articles of Confederation.

That threat was a major factor in a move to shore up the Articles, a course soon abandoned in favor of drafting a new basic instrument of government, the Constitution.

In a direct attack on the hodgepodge of individual states' barriers to each others' trade, the Constitution said, "Congress shall have power . . . to regulate commerce with foreign nations and among the several states."

No verdicts from Congress

And, as every businessman knows, regulate commerce it did. But in the mass of legislation covering domestic trade, Congress, confronted by the states' undenied right to raise revenue as they saw fit, shied away from the issue of their taxing out-of-state companies.

It continued to do so for more than

170 years. When the inevitable problems arose, the only recourse was to the courts, with the result that interstate taxation became one of the subjects to come most frequently before the Supreme Court—there have been more than 300 decisions in that area.

The courts sent out hints and finally appeals that Congress take over the matter and establish national guidelines.

But their pleas were pretty much ignored and they continued making the policy, which long included the concept that a state or local government could not tax the income of a nonresident business engaged in strictly interstate activity. That ruled out taxation of income of companies that solicited orders within a state but accepted and shipped them at out-of-state points.

The longstanding Congressional lethargy ended abruptly in 1959 with a bombshell decision by the Supreme Court. It ruled that states COULD tax interstate operations of non-



Pesky tax returns; but remedies are being offered

resident companies, provided the levies did not discriminate and reflected the company's business activity within the state.

In deciding one of a series of cases, the Court said Minnesota could collect 15 years' back taxes from the Northwestern States Portland Cement Co.

An alarmed business community saw the prospect of a deluge of demands for filing tax returns with thousands of state and local tax agencies throughout the country, with the attendant paper work. It also saw heavy claims for retroactive tax payments.

Congress, now awake to the problem, bought time by passing a law that reversed the key Court decision and called for an in-depth study of the whole field of interstate taxation.

The job of conducting the study was given to a newly created subcommittee of the House Judiciary Committee. Years of research and hearings followed.

(An advisory panel which turned

out a four-volume report learned, among other things, that copies of state and local tax laws it could run down produced a stack of books 22 feet high. And the subcommittee gleaned such information as the fact that California's franchise tax board has two regional offices, one in New York City and one in Chicago, to audit books of companies required to file returns. Each office has more than 20 employees.)

A bill—at long last

By 1966, the subcommittee had produced an ambitious bill—the proposed Interstate Taxation Act—containing basic guidelines on taxing more than 120,000 companies operating across state lines. It was aimed at reducing both confusion and the scope of the state and local taxing power.

The bill contained such eyebrow-raising features as a uniform sales tax law with provision for federal-state administration.

Shorn of some, but by no means all,

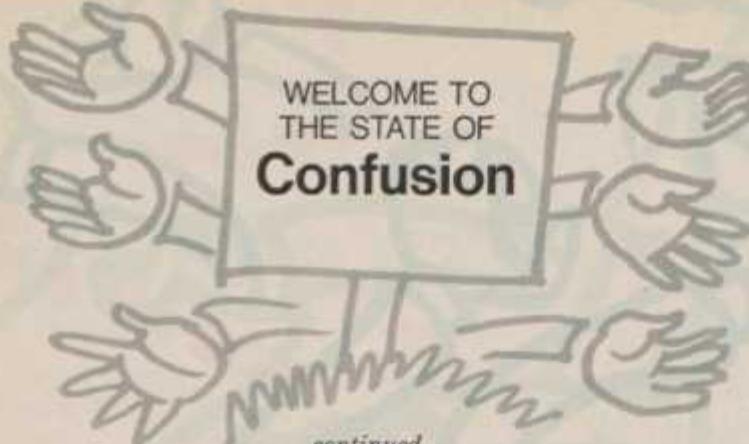
of the controversial provisions—the centralized sales-tax plan was thrown out—the bill finally won overwhelming approval in the House in 1968. It died in the Senate Finance Committee.

Much the same pattern is being followed this year. The House has again passed the measure—by an even bigger margin—but there is no sign the Senate Finance Committee is relenting in its opposition to the bill as approved by the House.

Opposition of home-state governors and tax officials is said to weigh heavily with Finance Committee members, particularly Chairman Russell Long (D-La.).

In the House debate, Rep. William H. McCulloch (R.-Ohio) argued that the "maze of state tax laws is impossible to obey," and said the bill invokes "common sense" in a "confusing, chaotic and complex" area.

Under the bill, the basic standard for determining liability for a state's corporate net income, capital stock or gross receipts taxes would be



continued

whether a company had a "business location"—property, payroll or inventory—within that state.

A state could not require a seller to collect a sales or use tax unless he has a business location—or regularly makes household deliveries—within its borders.

Double jeopardy on autos

(And the bill would eliminate the practice under which some states force new residents to pay a use tax before they can transfer auto registrations—even though they had already paid hefty sales taxes on the same vehicles to the states from which they came.)

The bill sets out an optional method, based on property and payroll, for determining how much of a company's net income or capital is subject to state taxation. The alternative is the established state or local formula.

This applies to companies with up to \$1 million net income for federal tax purposes, a majority of those operating in interstate commerce. Larger companies would remain under state formulas, but with existing federal protection barring state taxation of income derived solely from soliciting orders to be approved and filled out-of-state.

The bill's general purposes have been endorsed by the Chamber of Commerce of the United States, the National Association of Manufacturers, the National Association of Wholesalers and many individual organizations representing specific industries and businesses.

The National Association of Tax Administrators has spearheaded the opposition.

To that organization of state officials, the measure represents a grab by Washington bureaucrats for control

of state tax systems and a threat to already inadequate revenues.

The tax administrators have been backed by the National Governors' Conference, National Association of Attorneys General, National Conference of State Legislative Leaders, the Council of State Governments and many local government groups.

A Multistate Tax Compact is being pushed by the tax administrators. It has been approved by 18 states thus far.

The compact does not contain "business location" or other limits for determining state and local tax jurisdiction. It includes sales as well as property and payroll in the formula for apportioning income and establishes a Multistate Tax Commission with far-reaching auditing powers, as well as compulsory arbitration for disputes.

The Interstate Taxation Act's standards that would determine whom states could tax, and its ban on requiring out-of-state sellers to collect and remit sales taxes, reportedly are the two chief sticking points in the state officials' opposition to federal standards.

But businessmen involved say that setting limits of jurisdiction and curbing the demands that they serve as sales tax collectors for thousands of state and local agencies must be the principal objectives of any corrective moves.

Without jurisdictional standards, it is argued, interstate companies, including those with only a few employees, remain vulnerable to tax levies of all the states and localities in which they do or may do business.

The states counter that allowing out-of-state companies to sell within their borders free of sales and use taxes would discriminate against their own businessmen. They dispute

the House subcommittee's appraisal that revenue losses from the interstate taxation bill would be nil or negligible.

Federal-state compromise?

Where's it going to end?

Some observers think with a compromise in which the state tax administrators agree to some measure of Congressional action and the Congressional backers agree to a greater state role in achieving a solution.

State organizations remain adamant on the record against federal action, but there reportedly are some hidden cracks in the united front. While New York is officially against the bill, one of its top tax officials is said to have admitted that "we could live with it."

And the road to widespread participation in the compact isn't clear. Present member states maintain it is valid without Congressional approval, but some prospective members aren't so sure.

Meanwhile, there's that other problem that also dates back to the nation's founding—the complaint of big states that, despite their financial contribution, they have a single vote on a par with the smallest state. California, for one, is said to be unhappy about that aspect of the compact. It has not joined.

Some of the most ardent supporters of the compact approach concede privately that federal action probably will be needed regardless of what the states do voluntarily.

They point out, for example, that some states are unable or unwilling to correct localities' abuses in taxation of interstate commerce. Congressional action would take such states off the spot.

One key figure holds that states may be working against themselves. Rep. Emanuel Celler (D.-N. Y.), chairman of the House Judiciary Committee, has warned that the more they try to shift their tax burdens to nonresidents without a voice in the affairs of those states, the more they are building pressures for federal action.

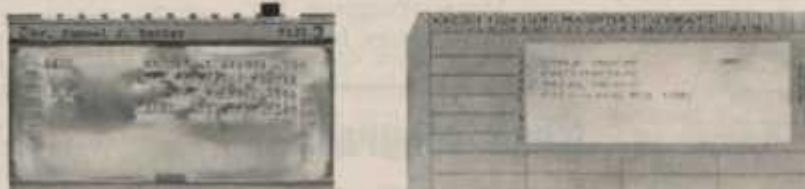
For the present, the issue remains much like that posed by Virginia in 1786 when it proposed a meeting of the states, which led finally to the Constitutional Convention, "to consider how far a uniform system in their commercial regulations may be necessary to their common interests and their permanent harmony." END

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By Murray L. Weidenbaum
Professor of Economics
Washington University
St. Louis, Mo.
(On Leave: Recently Appointed
Assistant Secretary of the Treasury)

this
month's
**guest
economist**



VIET NAM PEACE AND THE BUDGET

The Viet Nam war's demands for men, materials and other resources of the American economy resulted in much of the inflation that we have been experiencing; thus, peace should help to ease inflationary pressures.

However, inappropriate economic policy after Viet Nam could generate another round of inflation.

Many people hope the war's end will bring massive increases in federal civilian expenditures. It is easy enough to conjure up visions of so-called fiscal dividends and peace dividends totaling more than \$40 billion in the year after peace is achieved.

That \$40 billion of monetary "mania" appears to consist of two parts.

The first is about \$12 billion a year which the progressive income tax brings forth in the form of increases in federal revenues at current levels of income and economic activity.

The second consists of almost \$30 billion a year which the United States is spending to sustain the war.

In addition to making some allowance for built-in increases in such federal commitments as social security and veterans' pensions, I suggest we take a harder look at the federal budget before we start spending those fiscal and peace dividends.

On the revenue side, the major item that warrants our attention is the temporary increase in income tax rates—the surcharge. It seems likely to me that all or most of the surcharge will be allowed to expire soon after the war's end.

The surcharge is raising over \$10 billion a year. In the year that it lapses, then, we lose an amount of revenue almost equal to the fiscal dividend.

That still leaves us the \$30 billion peace dividend that so many people anticipate will result when the military budget declines from the current \$80 billion height to the pre-Viet Nam \$50 billion annual level. However, if there is any prediction I can offer with considerable confidence, it is that the military budget will not decline to anything close to \$50 billion a year.

For one thing, we have had very substantial inflation during the past four years and, hence, large increases in prices of equipment that the military buys and in wages it pays.

Thus, just to devote the same amount of real resources to defense programs as prior to the war will require a substantially higher level of expenditures than in 1965, before the Viet Nam buildup. With the continuing high level of international tensions, it is hard to see how we would do any less than maintain at least the 1965 level of military effort.

Moreover, many upward pressures on the non-Viet Nam part of the military budget already are visible. Considerable deferred maintenance and depleted inventory positions will need to be taken care of. Also, under legislation already passed by Congress, the pay of the armed forces and of the military establishment's many civilian employees is to rise by well over \$2 billion this year.

Of perhaps greater fiscal significance is the fact that several large weapon systems are in early stages of production and large expenditures are anticipated in the next year or so.

Thus, should peace in Viet Nam be achieved in the near future, I would estimate a peace dividend

closer to \$10 billion than to the \$30 billion we hear so much about. In a sense, that would just about replace the fiscal dividend we would lose when the surcharge is lifted.

Hence, the immediate post-Viet Nam fiscal outlook is not one of great liberality. Rather, it is likely to involve many difficult choices among a large array of alternative claims on our federal revenues.

One striking indication of these potential demands on the public purse was contained in former President Johnson's "swan song" economic report, released in January.

There were items such as \$9.5 billion for more social security and income support, \$7 billion for further increases in federal education programs, \$5.5 billion for model cities and other urban development, almost \$3.8 billion for "kiddie-care" and other health activities, almost \$2 billion for more public jobs and \$1 billion for science and further space exploration.

Will it be worth the effort to balance the budget after peace is achieved? My vote is affirmative.

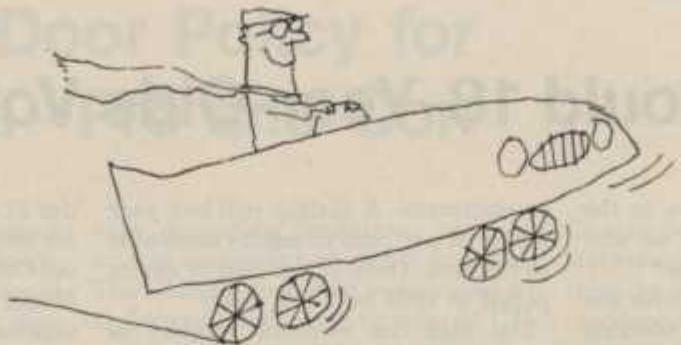
To the extent that it takes more purchasing power out of the economy in the form of taxes than it pumps in via expenditures, the federal government will be helping to reduce inflationary pressures. And the Federal Reserve system might ease its pressure on interest rates.

As an economist, I might find on occasion some justification for running a budget deficit during a period of recession. But that is hardly the situation we have been facing. The gross national product rose from \$790 billion in 1967 to \$861 billion in 1968. The GNP is expected to exceed \$920 billion this year.

The advent of peace in Viet Nam can lead to balanced federal budgets. Whether the federal government actually will achieve a budgetary surplus will depend on several key factors, such as the state of the national economy and the uncertain international situation.

However, the most important factor is likely to be the willingness of the American people and their elected representatives to make the difficult choices among the many pressures for government spending increases. A tough-minded sense of priorities and a careful weighing of benefits against costs will be needed.

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SOUND OFF TO THE EDITOR

Should 18-Year-Olds Vote?

They're old enough to serve in the Army, marry and pay taxes, so why aren't they old enough to vote?

The argument, of course, is over the long-standing controversy on lowering the voting age. How do you feel about it? Here's your chance to sound off.

The issue is up again before Congress in the form of a proposed constitutional amendment to set the minimum age at 18 for voting in federal elections.

State bills to lower the age—sometimes not all the way to 18—have been introduced in 1968 and 1969 everywhere except in Mississippi (and in Georgia and Kentucky, which already have 18-year-old voting laws). They have been rejected by six of the states.

Opinion is shifting in favor of a young-

er electorate. A Gallup poll last year found 64 per cent of adults amenable to the idea. Only 17 per cent of adults polled in 1939 held this view.

The idea has received support in high places. Both the Republicans and Democrats at their party conventions last year endorsed a lower voting age, and it has been urged by former Presidents Eisenhower, Kennedy and Johnson, and by President Nixon during his election campaign.

The principal theme of those opposed to extending the franchise to an estimated 12 million citizens under 21 is irresponsibility among the young. Student rebellion across the face of America has helped polarize this view.

Some opponents argue that those un-

der 21 often lack the maturity needed for ballot box judgments. Rep. Emanuel Celler (D.-N.Y.), chairman of the House Judiciary Committee, says the experience of all representative democracies "has proven the need for political and social maturity, and a greater stability than is possessed by the 18-year-old."

Testifying against the vote for 18-year-olds before the Senate Judiciary Committee's Subcommittee on Constitutional Amendments last year, Sen. Spessard L. Holland (D.-Fla.) agreed with this view. He also argued that most states require a person to be 21 to carry firearms, purchase alcoholic beverages or enter into legal contracts.

What do you think?

Jack Wooldridge, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20006

Should 18-year-olds vote?

Yes No

Comments:

Name and title:

Company:

SOUND OFF RESPONSE:

An Open Door Policy for Red China—Pro and Con

- Since Red China has existed for some 20 years and shows no signs of evaporating, the United States should face up to reality and grant it diplomatic recognition.
- Mainland China is a treacherous, brutal communist power and we would only be playing into its hands by formally acknowledging its existence.

These diametric positions represent, in general, the pro and con attitude of NATION'S BUSINESS readers toward the July issue's "Sound Off" question, "Should the U. S. and UN recognize Red China?"

In what may reflect a change in national thinking, the respondents split virtually down the middle, with opponents to Red China's recognition by the U. S. and admission to the UN only barely outnumbering proponents. Americans a few years ago overwhelmingly rejected such a view.

"Common sense says that the only way to get to know anyone is to talk with him on a regular basis," writes Donald C. Lavoie, corporate vice president of Jet Away Industries, Inc., Garden Grove, Calif. "Admitting Red China will not only accomplish this first objective but will establish some rapport with her inside as well as outside the UN community."

"I'd sooner have pigs at the dinner table and bandits running my bank," William K. West Jr., a Memphis, Tenn., attorney, declares. "Hasn't our aid in bringing to power Tito, Mao and Castro taught us anything?"

D. C. McCoy, vice president, Bank of America, Los Angeles, Calif., favors admission, explaining:

"We should extend recognition but control the relationship on a strictly quid pro quo basis and not start out

with degrading limitations imposed on free movement of people or goods. The Chinese should be encouraged to understand and agree to rules of UN membership, and then be allowed a provisional membership with full membership to follow if they prove worthy."

Another attorney, Raymond Urban of Milwaukee, Wisc., strongly disagrees: "If we recognize Red China we might as well recognize the Mafia. The Red Chinese have only one thought in mind—destroy the UN. And the only way they can do that is from within. Just to recognize Red China because it is there holds no merit. They can't clear their status of illegality."

William B. Guy Jr., president of W. Burton Guy & Co., Inc., Baltimore, Md., takes a more tolerant view: "There is far greater potential for good in friendship and trade than in enmity. If we wish China to change we must lead her with a friendly, Christian attitude of love and tolerant understanding."

"Let her actions speak for themselves," is the terse reaction of W. H. Schaper, president of Schaper Manufacturing Co., Inc., Minneapolis, Minn.

An equally terse but opposite reaction comes from H. K. Foute, president of Drake Manufacturing Co. in Harwood Heights, Ill. "By ignoring it, it's not going to go away," he says.

Rodger K. Jenkins, trust officer for the Second National Bank of Richmond, Richmond, Ind., is convinced that "a world forum will always be in danger of collapsing when those who have never learned to comply are given the right to participate."

"Practical considerations make eventual recognition essential," writes Ralph B. Chapin, president of R. E.

Chapin Manufacturing Works, Inc., Batavia, N. Y. "Frequent, lengthy trips to the Orient over the years convince this writer our policies and postures have not enhanced stature of this country in that important marketing area."

Arthur B. Adams, chairman of the board of the Beloit State Bank in Beloit, Wisc., declares:

"The main objective of communism is to infiltrate, practice intrigue and deception, and to do everything possible no matter how unprincipled to destroy the free nations of the world. To recognize Communist China will only strengthen their ability to further their objectives to weaken and, if possible, destroy the right of free peoples to govern themselves in peace and without fear of conquest by communist governments."

Recognition does not indicate approval of Red China's political system, says Robert L. Beyer, vice president, Spencer Kellogg Division of Textron, Inc., Buffalo, N. Y. He explains:

"If we recognize the USSR, Spain, Haiti, Bulgaria and many other countries whose governments we disapprove of, why discriminate against Red China?"

"Isolation is no solution to any problems in a world equipped with doomsday weapons. It's better to talk even with distrust because in time some areas of agreement do develop and improved relations can and will appear. But it won't be easy."

"I do not believe we should trade with or recognize Red China until we have factual evidence that they have changed their goal of destroying our system," writes Norman A. Keck, president, Keck Electric Corp., Joliet, Ill. "If we want to recognize some-

An Open Door Policy for Red China—Pro and Con *continued*

one, why not Rhodesia? We can trust Rhodesia."

In the opinion of G. A. Romary, assistant general manager of the Union Metal Manufacturing Co. in Sylacauga, Ala., the U. S. treatment of the Chinese problem is just another example of "talking out of both sides of our mouth" in a delicate foreign policy area. He says:

"I am no lover of Red China, but neither am I a lover of Red Russia, Red Yugoslavia, Red Czechoslovakia, or all the other Reds. But any prize-fighter will tell you it is easier to get to his opponent inside the ring, rather than having him waltz around the apron."

And there is this view from Dr. Raphael Katzen, managing partner of Raphael Katzen Associates in Cincinnati, Ohio:

"We should not recognize a government which does not represent its own people and is not in control, as indicated by continuing turmoil and rebellion. Nor should we recognize a country which openly, publicly, and brazenly states its policy is to destroy our government and economy, as well as those of our friends and allies."

Favoring diplomatic recognition,

James E. Lane, district sales manager for Scandinavian Airlines System, Newark, N. J., believes this would be helpful to our Asian and Pacific allies.

"It would enable us to more effectively fight the spread of communism and thus enhance the confidence of others in that policy," he says. "If Red China would comply with the UN Charter then they should be admitted. There is much to be gained and little to be lost."

Louis Loeffler Jr., manager of the Federal Corp. in Oklahoma City, Okla., regards recognition in this way:

"This would be just like asking the city council to recognize the criminals in murderer's row at the penitentiary and giving them a voice in the city government. I feel like Chiang Kai-shek when he once said, 'I won't have murderers in my government.'

Chris Smilie, general manager of the Shaw Montgomery Warehouse in Montgomery, Ala., writes:

"Assuming the UN is fulfilling a useful function of preserving world peace, then it is reasonable to assume that all nations capable of deterring world peace should be in the UN.

Whether they are legal or illegal is not as important as the fact they have a real capacity for creating a nuclear war."

"We have never had any dealings with the communists where we came out ahead," argues A. L. Watson, owner of Watson Construction Co. in Anahuac, Texas. "To deal with them is like trusting a rattlesnake. And as far as benefitting from trading with them, we would only be helping the communist cause, just as we are actually aiding Russia and other communist countries now by sending them so-called nonstrategic material."

Also among the dissenters is William D. McLean III, assistant superintendent of agencies for the Ohio State Life Insurance Co. in Columbus, Ohio, who feels:

"Recognition of Red China for the sole reason that they 'represent' millions of people would be just as inane as recognition of (and bargaining with) the Mafia because they control millions of dollars in our economy."

"The USSR would have died, had we withheld recognition in the Thirties."

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An Open Door Policy for Red China—Pro and Con

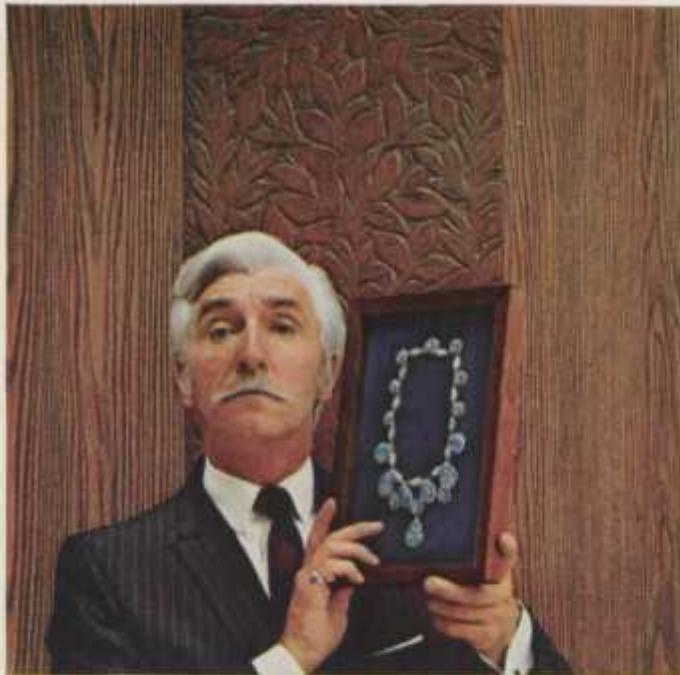
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Businessmen vs. consumers? How's that again?



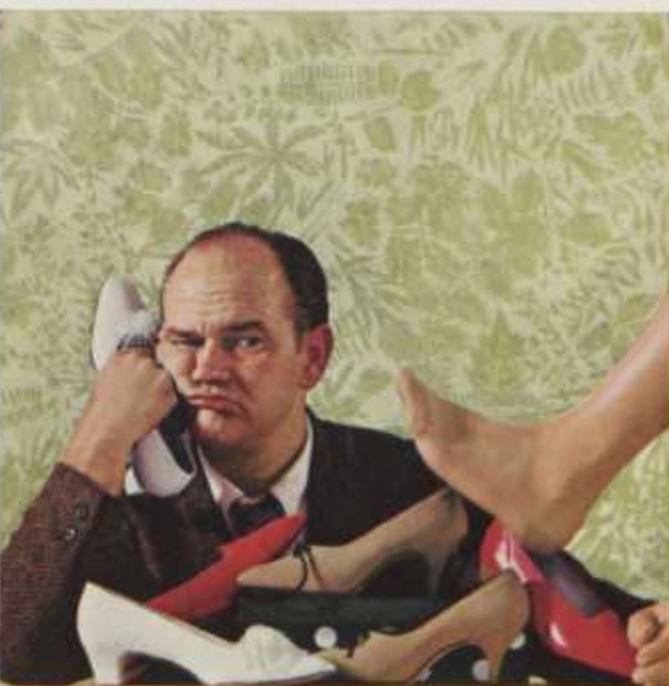
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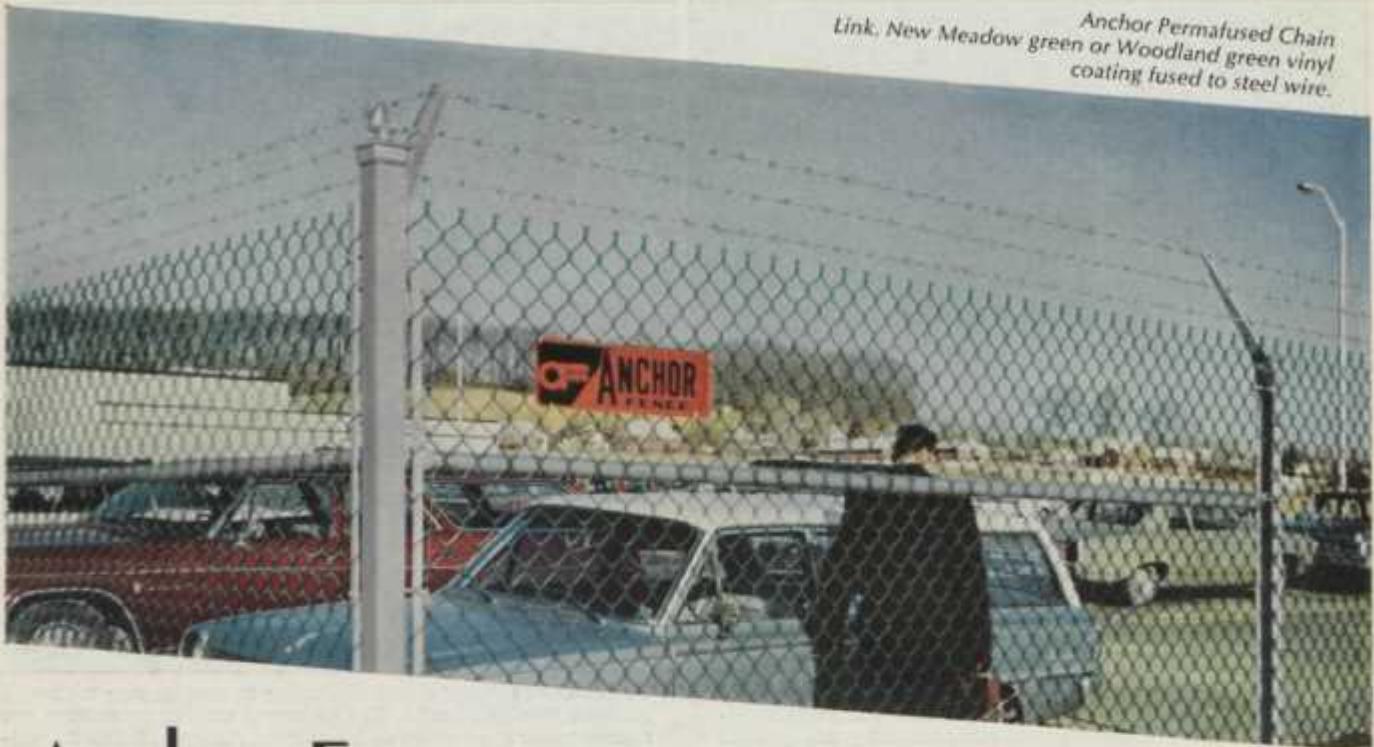


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